Investing in Textiles (Page 11)

THE FINANCIAL POST

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The Nation's Business

National Government

NATIONAL Government talk is in the air again. Influential papers have recently come out in support of the idea. Here is a typical comment from the Brantford Expositor:

"The present emergency affords a splendid opportunity for uniting all parties and classes in a demand for a non-partisan government . . . For 10 years Canada has had a practical demonstration of the inability of Conservative and Liberal Governments to give the leadership that is necessary. The only remedy is the organization of a truly representative National Government."

We agree with the Expositor as to the failure of both Liberal and Conservative Governments to give necessary leadership in recent years. The chiefs of neither the Liberal nor the Conservative parties in Canada are giving any really vital leadership today in respect to the most pressing of our national problems.

But does the "only remedy" lie in National Government. To concede this is to argue that two bad eggs will make one good omelet.

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"UNION" Government is a form of totalitarian or Fascist Government. Recourse to National Government assumes either a breakdown of the two-party system or an emergency so grave that a virtual dictatorship is necessary. In a period of crisis and peril a democratic nation may find it necessary to sacrifice parliamentary freedom in order to present a united front against some outside challenge. Britain has done that for the time being. In recent weeks all parties have lined up behind the foreign policy of the Government. The nation offers united opposition to the challenge of the would-be war-makers.

In Canada, our crisis in public affairs is due to troubles that are internal—not external. It is true that we too are under the shadow of the world peril. But we cannot blame Adolf Hitler for such long-ignored difficulties as the railway problem or the drift to Dominion and provincial insolvency. These problems predate Nazi-Socialism.

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THE revolt in public opinion in Canada is a revolt against inaction and inertia in domestic business. It is not a revolt against the two-party system although a great many people have jumped to such a conclusion. It is a revolt against the leaders of the two major parties in that system.

Take, for example, two of the biggest problems which face Canada today:

1. To solve our railway problem without foisting an even greater incubus upon the taxpayers in the form of a government-owned railway monopoly.

2. To recreate the spirit and substance of Confederation in a new Dominion-provincial deal, based probably upon the studies and recommendations of the Rowell-Sirois Commission.

It can be said that neither of the two National parties has a positive or helpful policy on either problem. Both parties are afraid to speak out vigorously on them. In their desire to offend no one they are offending everyone.

There may be an excuse for being without a policy on the second problem until the Royal Commission has reported. But is there anything in the record of Mr. King or Dr. Manion to suggest that they will evolve a policy even when the report is ready?

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MR. KING has the largest majority in Parliamentary history behind him yet he lacks the courage to define and much less to act upon a definite policy regarding the railways. Dr. Manion, with everything to gain and nothing to lose, finds it politically inexpedient to come out for any railway policy other than one of doing nothing about the matter.

Thus we have two larger parties, each minus a policy on two of Canada's greatest problems. Put the two parties together in a single government and would we have anything more? Nothing added to nothing is still nothing.

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AS A matter of fact, there would be a positive danger in forming a National Government to deal with either of these two problems. The experience of the last Union Government suggests that a fusion cabinet would probably be a device for attempting to squeeze the Canadian Pacific Railway into liquidation, buying up its properties and joining them with the government railway, making our politically-managed transportation system and its deficits just twice as large as at present.

And in the field of Dominion-provincial relations a union cabinet at Ottawa would merely pit federal politicians against provincial political leaders and split the country from coast to coast. It is much better to have the revision of Canada's constitution fought out democratically at Ottawa (where Parliament is representative of all sections of Canada) than to create a situation wherein federal politicians would gang up on the provinces.

National Government offers little promise of solution of national problems. The real solution lies in national leadership. C. George McCul-

(Continued on page 2, col. 3)

Bldg. Products Profits in 1939 May Hit Peak

Both Sales and Earnings Running Ahead of Last Year

MAY NET $1 SHARE

From Our Own Correspondent

MONTREAL.—Present indications are that profits of Building Products Ltd. in the current year will be the highest in the history of the company.

Reflecting increased construction activity, both sales and earnings increased in the first half of the year. Details of results to date are not available, but the upward trend in earnings evident during the past six years has continued.

Assuming the betterment in construction activity continues throughout the latter part of the year, the company can be expected to show net profits in excess of the peak of $418,482 reported in 1929. It is possible that the company will earn $1 a share on its 483,384 shares of common stock.

Although value of construction contracts awarded in 1938 was 16% lower than in 1937 the company reported a net profit of $373,994, equivalent to 77 cents a share on the common stock. This compared with a net profit of $362,985 in 1937.

Reflects More Building

The improved showing last year reflected greater volume of business building, and residential construction about even with 1937. In first half of 1939, the three "building" groups of construction contracts—residential, business and industrial—were about 20% higher than the same period of 1938. The fourth group—road and other engineering work—was down, but the company has little or no interest in this field.

Actually, the firm's 1938 results were more favorable than the net profit figure indicates. Last year the company charged against operations $41,836 of non-recurring expenses to cover the loss of property at Portneuf by flood and the expenses of splitting the company's share capital. If these items had not been deducted from 1938 earnings, net profit would have amounted to $415,830, which is equal to 86 cents a share.

While increased activity in almost every field of construction benefits the company, it is in residential construction that its products are widely used. In this connection it should be noted that residential contracts awarded in the first half of the year amounted to $33.3 millions, an increase of $7.7 millions or 30%. This is the main reason for the improvement in sales reported by the company this year.

Seek Big Men For Big Posts

Several Names Mentioned for Defense Board, Mortgage Bank

From Our Own Correspondent

OTTAWA. — The Government is concentrating upon the more important appointments arising out of the legislation of last session. Every effort is being made to set up the Defense Purchasing Board and the Central Mortgage Bank as quickly as possible.

In the former case, there are many orders pending in the Department of National Defense and the Cabinet is determined that the purchasing machinery authorized by Parliament shall function as quickly as possible. A number of candidates for the Board have already been to Ottawa and an announcement is expected within two weeks at the latest.

With respect to the Central Mortgage Bank, the Government wants to get the bank in operation as quickly as possible.

Definite offers of the directorships of the bank are now outstanding, but as far as can be learned none of those asked to accept has been able, as yet, to give a definite answer. In all cases they must consult with their associates before reaching a decision.

P. A. Chester, Canadian general manager of the Hudson's Bay Co., is understood to have been approached to become the western director of the bank. Two names have been suggested for general manager—D. B. Mansur, inspector of mortgages for Sun Life, and F. J. Freer, manager of the investment department of the Great West Life. Preference for insurance men for this position is due to the fact that the Canadian insurance companies hold bulk of western mortgages where debt problem is most acute.

Massey-Harris Co. Funds U. S. Loans

The Massey-Harris Co., wholly-owned subsidiary of Massey-Harris Co. incorporated in the State of Maryland, has completed arrangements for the issue of $2.2 millions of 3½-4% serial first (closed) mortgage bonds, maturing 1940-47, inclusive. Proceeds of the issue will be used to liquidate bank loans and provide working capital. The bonds are guaranteed by the Canadian company.

The bonds mature as follows: 1940-42, inclusive, $200,000; 1943-46, inclusive, $300,000; 1947, $400,000. First four maturities bear interest at 3½% and the balance at 4%.

Stelco Puts Off New Mill Plan; May Change It

Sales to June Higher But Profit Is Off Slightly

AWAIT SETTLEMENT

From Our Own Correspondent

MONTREAL.—General trend of operations and earnings of Steel Co. of Canada for the second quarter of 1939 continued along the same lines as in the first three months, with sales higher but profits slightly lower than in the like period of 1938.

The volume of business handled to the end of June was on a moderately better basis than in the first half of 1938. But due to lower price schedules on many lines, the advantage of larger sales was offset and net profits recorded a minor decline from the last year's level.

Returns Above Average

No official information is available as to the actual profits made in the past six months, but judging by the experience of 1938, returns were above the average of recent years. During 1938 the company reported a manufacturing profit of over $2.9 millions and a net return on the combined preferred and common stock of $4.24 a share. While this was under the figure reported in 1937, which was an exceptionally good year, still the results were appreciably higher than in any year between 1932 and 1936.

On the basis of the general results for the last half year, indications are that Steel of Canada's profits to date are running at an annual rate of somewhere around $4 a share on the combined preferred and common stocks.

Mill Proposal Held Up

It is learned officially that plans for the continuous strip sheet mill at Hamilton are being deferred for the time being. Originally it was intended to construct a plant in Hamilton at an estimated outlay of between $12 millions and $14 millions. While no official announcement was ever made as to when work would actually be started, it was assumed that its first work would be carried out this year. However, in his report to the shareholders for 1938, Ross H. McMaster, president, stated, "no conclusion has yet been reached in connection with plans for erection of a strip sheet mill at the Hamilton works."

This condition, it is understood, still applies. Plans have been deferred largely because of the uncertain political outlook in Europe. Moreover it would probably take a year and a half to complete the new unit, during which period a general European war might send prices skyrocketing. Because of the time element and the uncertain outlook, contractors and others interested in the establishment of the new mill are not in a position to make firm commitments on a price basis which would be satisfactory to the company. With the uncertainty removed, Steel Co. of Canada would undoubtedly be able to secure more favorable bids on the new plant and for that reason plans are being held back temporarily.

May Modify Scheme

It is further understood that when it is decided to go ahead with the new plant, the original plans may undergo some modification. Just what the company has in mind along these lines is unknown nor has any information been made public as to the definite size of the plant or capacity.

The situation with respect to the company's business at the half-year mark remains much the same as at the beginning of May when Mr. McMaster informed the shareholders that the demand for most lines had been remarkably well sustained considering the unsettled conditions in Europe.

Masonite Co. Building Plant

U. S. Masonite and C. I. P. Form Canadian Company

From Our Own Correspondent

MONTREAL.—Canadian International Paper Co. and Masonite Corp., of the United States, have jointly formed the Masonite Co. of Canada and will start work immediately on the construction of a plant at Gatineau, P.Q.

Hitherto the Masonite products sold in Canada have been imported from the States. It is the plan to have the new Gatineau plant produce all grades and types of hard board products made by the American firm, including Presdwood, Temprtile, special concrete form board, Century of Progress flooring, and Quartrboard.

Hold Selling Agents

Primary distribution of the products of the new plant will be through two agencies which are now selling the products produced by the United States plant — International Fibre Board Ltd. and Donnacona Paper Co.

S. L. de Carteret, vice-president of C.I.P., Montreal, is president of Masonite Co. of Canada. R. G. Wallace, vice-president of Masonite Corp., will act in a similar capacity to the Canadian company. R. L. Campbell, is secretary and F. A. Laird, treasurer.

NEW POWER FOR MINES

Decision has been made by the Hydro-Electric Power Commission of Ontario, The Financial Post learns, to proceed with the installation of a fourth generating unit at the Ear Falls power plant in the Patricia mining area of northwestern Ontario.

Increasing demands for power for rapidly expanding gold mining developments including Pickle-Crow, Central Patricia, Uchi Gold Mines and others, have made the increased power supply essential.

The Ear Falls plant now has a capacity of 10,000 h.p. The third unit now being installed will make 17,500 h.p. available this fall and the fourth unit will bring total capacity to 25,000 h.p. by 1940.

The Financial Post photographer shows work now proceeding.

Tension is Relieved By U.K. Stop Signal

Clear Cut Danzig Statement and Steadily Stronger Unity of British Has Stabilizing Effect in Europe—Visible Improvement

By HORACE T. HUNTER
President, The MacLean Publishing Co.

LONDON (By Cable).—This week has seen a well-defined lessening in the European tension. As Europe approaches the critical August-September period, which well-informed observers have fixed as the approximate date of the next major "Crisis," the outward aspect of things has visibly improved. Prime Minister Chamberlain's unequivocal statement as to Great Britain's position in respect to Danzig; his "thus far and no farther" ultimatum to Germany have dispelled whatever lingering doubts may have still existed in the minds of those sceptical of his policies that he and his Foreign Minister, Viscount Halifax, were prepared to let Danzig go the way of Czecho-Slovakia.

HORACE T. HUNTER

Mr. Chamberlain's pronouncement has received the unanimous approval of all groups in Great Britain. The unity of spirit in Britain is reminiscent of the days of the Great War. In his determination to "see it through" the Briton is as stubbornly set today as ever before in history when his way of life and his rights and privileges have been challenged by a jealous aggressor.

Salutary—Comforting

In Europe, too, the British Prime Minister's statement has had a most salutary and comforting effect. It has indicated clearly what has been apparent to the British people themselves for some months, or at least for some weeks, that Downing Street means business and will stand for no more unilateral redrafting of the map of Europe under the threat of force.

In effect, Mr. Chamberlain's statement on Danzig gives Poland a blank cheque on British might. Fortunately, Poland's behavior is beyond criticism and there is no indication that that nation has any intention of taking unfair or undue advantage of the protection accorded to her by the British and the French.

This week I had the interesting experience of sitting next to His Excellency the Polish Ambassador at a small luncheon. As I cannot claim to speak his language it was a happy fact that he speaks English with the perfection of the trained diplomat. From him I learned that Poland, like Great Britain, is grimly united in its present hour of peril. There is no eagerness for war. Calm and restraint temper the people's determination to resist any attack upon them.

Britain's Policy Today

From sources of the highest character I have endeavored to obtain an outline of exactly what British foreign policy and aims are today in respect to the critical situations existing in Europe and the Far East.

I think the following points may, with the utmost confidence, be set down as unchallengeable interpretations of what Mr. Chamberlain and Lord Halifax have in their minds:

1. There is a definite and fixed determination, and it will not under any circumstances be altered, that any further act of open and flagrant aggression that threatens either the peace of the world or the position of Great Britain, will be resisted by force.

2. It is part of British high policy to achieve a realization of that fact in the mind of the one man who, more than any other, can tilt the scales for peace or war — Adolf Hitler. It is of the greatest importance that the ex-Austrian corporal with the Napoleonic ambitions should be made to understand that the British people and the British Empire are united in their determination to fight if there is further aggression.

There is confidence that, if Hitler can be made to understand that he faces overpowering strength should he resort to war, he will not "press the button," and peace can be preserved.

But getting through to Hitler is not easy. There is real doubt as to whether or not he is thoroughly acquainted with the attitude of the British Government and the British people. The British ambassador in Germany is not allowed to see Der Fuehrer. Those war mongering, Britain-hating Nazi leaders, Foreign Minister von Ribbentrop and Gestapo Chief Himmler, see to that. These two men are still Hitler's most powerful advisers. Propaganda Minister Goebbels' stock rises and falls. Field Marshal Goering—a moderate in views and aims despite his strut and bluster—has lost ground with his chief.

Ribbentrop and Himmler constantly assert that Britain is decadent and will not fight. Hitler may or may not believe them but he hears their story repeated daily.

Hitler must be made to realize that Britain means business. So much Downing Street appreciates.

Settlement Awaits

3. If peace can be assured, Great Britain stands prepared to make important concessions to achieve a lasting European peace settlement. Britain will not permit the status quo to be altered by force or blackmail but Britain does not hold the status quo to be fixed and unchangeable.

Great Britain is willing—and in fact is anxious to have the opportunity — to assist Germany in her financial and economic rehabilitation and in the settlement of existing grievances

4. It is important that the German people should understand this. So it is part of British policy to get past the German leaders to the German people. The British people as a whole have no antagonism to the German people as a whole. (This has been clearly indicated in some remarkable correspondence that has recently been appearing in The Times.)

Britain, by broadcast, pamphlet and other propaganda measures, is daily

(Continued on page 2, col. 5)

Highlights

How textile companies in Canada are faring from both operating and investment viewpoints, in their struggle with a wide variety of problems, is comprehensively reported in The Financial Post's annual survey of the industry.

Textile Supplement—p. 11-16.

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Newsprint production prorating has both its strong supporters and vigorous opponents. The case for prorating as the co-operating producers see it, is appraised in the second of a series of articles on the newsprint industry by R. W. Finlayson.

Regulating Newsprint—p. 17.

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Ontario's lignite deposits around James Bay have waited long for development since first discovered. Economic and political prospects for this natural asset being utilized are weighed by the mining editor.

Lignite Proposal—p. 19.

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New problems in connection with the marketing of Canada's wheat crop have been created by the recent minimum grain price legislation. The import of the legislation is summed up by The Financial Post's grain market expert.

Devising New Plan—p. 9.

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General Index on p. 2.

Canadian Celanese Earns $1.13 a Share

From Our Own Correspondent

MONTREAL—Canadian Celanese Ltd. officially report net profits for the first six months of 1939 at $1.13 a share, compared with 40 cents a share for the same period last year. This is somewhat better than earlier estimates which placed net profits for the half year at $1 a share.

Operations at the Drummondville plant are now on a capacity basis. There is a good volume of business on hand and prospects are that business will continue brisk throughout the balance of the year.

U. K. Discrimination Seen Hitting Canada

Discrimination against Canada by a recent order of the British Government is charged by H. Rupert Bain, president of the National Life Assurance Co. and Toronto Stock Exchange member, just returned from a two-month business trip to Great Britain.

Sir John Simon's recent statement that British investors should not send any more money abroad for investment in "dollar securities" has been interpreted by the Foreign Transactions Advisory Committee of the British Government to include Canada, but not to include Australia, South Africa or other parts of the British Empire which are on a sterling currency. Mr. Bain read to The Financial Post an official notification of this ruling.

On Mr. Bain's request, the office of the Canadian High Commissioner is now discussing this situation with the Bank of England and Government officials.

Classed With U. S.

"It is ridiculous and scandalous if Canada is to be put under the same umbrella as the United States," Mr. Bain declared. "If we are expected to go to Britain's aid in time of need, why should our country be closed to British investors? If we have to go on getting our capital from the United States, how do they expect Canada's loyalty to the Empire to go unimpaired?"

Canadian investment houses with offices in London, and British agents for Canadian firms, have been requested by the Government to discontinue providing clients with quotations on Canadian bonds or securities, he said.

Missing Great Opportunity

Mr. Bain cited three ways in which he believes Canada is missing one of the greatest opportunities which has ever been offered any nation for expansion of its industrial stature.

First, is Canada's lack of an aggressive policy to attract Europeans with capital to the Dominion. "If any real attempt were made to 'sell' Canada to refugees and others who don't like the European outlook, we could get lots of them here," Mr. Bain declared.

"From one official I learned that refugees who had come to Great Britain during the past six months and who had established businesses and industries there are now giving employment to over 32,000 Britishers. And others are still coming. After all, many of the great British industries were started in that country by refugees."

In many respects, Canada has many more attractions to offer foreign capital than Britain and would be getting a much larger share of this outflow of money and enterprising brains if positive, intelligent effort were made, he suggested.

Losing War Business

Secondly, he feels, Canadians are losing a great deal of business in war supplies of many kinds through the lack of a co-operative policy on the part of the Canadian Government.

"The French, British and other Allied Governments seems to have

(Continued on page 2, col. 1)

Bata Plant's Capital Drawn From Abroad

Canadian Assets All Coming from Non-Czech Sources

NO FINANCING HERE

All capital for Bata shoe production in Canada will be drawn from assets of the Czech interests, affiliated units in other countries, under avowed plans by which a Bata factory centre is now being established at Frankford, Ont.

Large part of the capital assets required for the manufacturing, research and engineering operations of the Canadian enterprise will consist of machinery. The main nucleus of this was stored in bond at Montreal, pending Government admission of key men to get the plant started. It is already being installed at Frankford in a former paper mill, to be used until a new shoe factory can be erected.

While most of it was produced originally at Bata's own plants in former Czecho-Slovakia, the equipment was available at the English plants and elsewhere when the Canadian project was undertaken. Similarly, company executives plan to draw funds to meet initial payrolls, build the new factory and community centre, providing working capital, and otherwise prepare for production, from resources outside of Czecho-Slovakia.

No Financing Here

With available assets to meet needs of present plans, a Bata official told The Financial Post this week, raising of financial requirements in Canada is not contemplated. It is possible that the favorable terms of National Housing Act loans may be utilized for the erection of workers' dwellings, but no decision has been reached on this. In any event, it is felt, such a step would not be in the same category as a stock issue or similar form of financing.

Use of Government facilities for financing residential construction in the United States will also be the only possible form of financing in connection with the projected American plant, executives in Canada believe. They think that is the only basis for reports published in New York, quoting Jan A. Bata, head of the Bata enterprise, as saying: "We will need financing and it might come very soon." It was not made clear, however, whether this referred to the American project or to Bata enterprises as a whole.

Use of outside Bata assets to adjust the world-wide enterprises to changing conditions was facilitated, The Post's informant explained, by separation of units in other countries from the parent concern. Both distributing and manufacturing units throughout the world, he said, were not operated as branches or with other corporate connection with the home firm. From an operating viewpoint, each auxiliary company stands on its own feet as a selling channel, or a production unit using the Bata system.

Czech Cash Bottled Up

This was particularly valuable, it was pointed out, in view of the impossibility of getting cash out of Czecho-Slovakia. Apart from this, however, executives report that no effort has been made to bring the main industry at Zlin under German control, and the plants are operating at capacity under Bata direction.

While lengthy red tape has to be unwound to get technicians and key workers out of Czecho-Slovakia, officials expect that most of the men to launch production in Canada will be brought from Zlin. Others may come from the English plant or other centres. A good many of the men brought in, it is explained, will only remain in Canada for six months or a year, three years at the most, to get production under way and instruct Canadian workers taken on.

Research Division

Most of the men who remain permanently, it is expected, will likely be associated with the research, engineering and servicing divisions of the Canadian enterprise. As previously reported in The Financial Post, between 1,100 and 1,200 of a total Canadian payroll of 1,800 workers will be engaged in this type of work. In view of the risk of war in Europe, the research and engineering services hitherto centred in Czecho-Slovakia will in future operate partly at the Canadian and American plants.

Thus establishment of the Canadian factory centre will do more than meet the need for an Empire market source of supply as remote as possible from war disturbances and bombing raids. It will also ensure continued serving of Bata enterprises in other countries with improvement of methods and development of new techniques. Research is also conducted into coloring and

(Continued on page 2, col. 7)

June Newsprint Output Larger

Canadian mills turned out 240,545 tons of newsprint and shipped 232,261 tons in June. Production was at about the same rate as in May but 39,000 tons more than in June, 1938. Shipments, while off 32,400 tons from May, were 11.4% above June last year.

Heavier sales to United States customers more than offset lower overseas shipments in June and only slightly higher shipments to Canadian customers, says the Newsprint Association. Newfoundland mills produced 22,937 tons and shipped 20,523 tons in June, much the same results as for the previous month and June of last year.

Ottawa Policy Holds Orders

Clear Stand on War Issue Needed to Bring Business

By HORACE T. HUNTER

LONDON.—It is disappointing to a Canadian to find that Canada does not loom as largely in the British mind as might have been expected, following the Royal visit. The British people find themselves puzzled by the official attitude of Canada. There have been from Ottawa no such declarations of Canada's desire to co-operate in the resistance to the common aggressors as the British people had hoped to witness. This uncertainty regarding Canada's position, and the measure of the support that would be received from Canada in the event of a war forced upon the democracies of the world, is a definite factor in the British attitude toward Canada.

No Credits or Business

For example, the United Kingdom has been making available to her European allies credits up to $500 millions. Credits have not been made available to Canada.

Of course, Canada does not require large British credits at this time. What Canada needs is orders for merchandise, food supplies, raw materials and munitions. There is no great enthusiasm around Whitehall for sending such governmental business to Canada.

No Rush to Buy

If we hope to become the big secondary munitions base for Empire defense we shall have to be more specific in declaring where we stand as a nation in respect to the common front against the aggressor nations. British cabinet ministers agree in principle that Canada is ideally situated to become the secondary source of war supplies in the event of a great emergency.

But agreement in principle does not necessarily portend action and there is no enthusiasm for the placing of war orders in Canada.

If Canada is to take the greatest industrial advantage of the present conditions, the initiative must come from Canada. Ottawa must go farther than merely permitting Canadian industrialists to get business from England if they can.

Fleet Aircraft Obtains Big Order

Fleet Aircraft Ltd.'s tender for 27 specially designed training planes for the Royal Canadian Air Force has been accepted by the Department of National Defense. The value of the contract is roughly $300,000, which brings the volume of business on the books of the company up to $1.8 million.

It is understood that the company is in a position to commence deliveries of these planes within the near future. Special design of these planes is to include night flying equipment.

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(Continued from page 1)

an agreement that they will not buy war supplies in Canada without the consent of the Canadian Government, and apparently that consent is given infrequently.

Only Bad Publicity

Doing nothing to counteract unfavorable publicity for Canada, rampant in Britain, is Canada's third failure, Mr. Bain said.

"It is positively shameful that Canada has permitted a situation in which so little is known about her," he said. "Hardly anyone there has any idea about conditions here and the Canadian Government doesn't seem to be doing anything about it. If they are, I certainly saw no evidence of it anywhere.

"The only publicity I saw for Canada there was bad publicity. There were large black headlines in several papers, something about 'Montreal bankrupt — owes banks $40 millions.'"

Attracts Large Funds

In spite of the ignorance of and indifference to things Canadian, Mr. Bain reported that he was successful in attracting substantial British funds into Canadian mining. Investment trusts, insurance companies, plus prominent individuals in Great Britain were among those whom he interviewed in an effort to turn their attention to mining opportunities here.

Mr. Bain informed The Financial Post that the chief engineer and director of one of the largest mining companies in the world, Central Mining and Investment Corp. of London, has gone on the board of directors of a Canadian mining trust. The same British company, with assets of over $85 millions, is sending to Canada at once one of its leading staff engineers to study the whole Canadian mining situation.

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AUTUMN TERM OPENS SEPTEMBER 14th

The Nation's Business

(Continued from page 1)

lagh saw that when, on the radio and in the Toronto Globe and Mail, he carried on a most spunky and enlightened campaign on a subject that had already been thoroughly traversed in The Financial Post.

It is not the two-party system which has failed. It is political statesmanship that has failed.

Canadians have not turned against the two-party system but they are turning against and tiring of the present leaders of their two big parties. To merge these two parties under their present existing chieftains would achieve no good purpose.

* * *

Canada and Armaments

THE Saint John Telegraph-Journal urges an armament pooling with Britain; in brief, a system of co-operative purchasing of defense needs of the British and Canadian governments in order that Canadian manufacturers may have the opportunity of specializing in the manufacture of some of the equipment that is needed by both governments. But it adds this warning:

> "It may be well to remind all that this is an occasion where profiteering must be kept down."

What word would the Saint John Telegraph-Journal use to describe the Bren gun contract wherein political friends of the Government, inexperienced in the manufacture of munitions and ill equipped at the time, were given a large-scale contract on terms that provided an opportunity for the jobbing of stock at an inflated figure?

When Maclean's Magazine and The Financial Post exposed and criticized the Bren contract, the Telegraph - Journal spoke biting words about the "un-British" and "disloyal" conduct of these two papers. It has defended this notorious contract from start to finish.

"Armament manufacture," says the Saint John paper, "will be chiefly an undertaking for the larger plants and it is those which are best able to set up the special machinery required for turning out military equipment."

These words are wise. But wisdom has come slowly to Ian Mackenzie's Saint John apologist. A few weeks ago that paper found plenty to commend in the policy of the Government at Ottawa in giving the biggest machine gun contract in Canadian history to men who had taken an option on a bankrupt boiler plant and without utilizing the services of Canada's largest and best established industrial plants.

* * *

Too Much Hitler In the Newspapers?

THE Halifax Herald thinks that people are sick and tired of "Hitler." Hitler is no longer news at this date, it thinks.

Unhappily, this is wishful thinking. Hitler is news. But this much can be said: that Hitler is not the only news. For several years back he has had more than his rightful share of the headlines. There is a happy medium about "war" news from Europe. Canadian newspapers are striving to find it.

The council of the Toronto Board of Trade has addressed newspapers in Canada asking that they avoid giving unduly alarming emphasis to the unsettled European situation. This has disturbed the Regina Leader-Post, which doubts if any Canadian newspaper wants to "overplay" the European situation. But, it adds, "a newspaper is derelict in its duty, indeed it is false to its trust, if it should go in for anything suggestive of deception." It is better for the public, indeed for Canadian business itself, that this country be kept aware of what is going on in Europe, says the Regina paper.

There is no conflict between what the Toronto Board of Trade suggests and what the Regina Leader-Post feels. The Board asks the avoidance only of "unduly alarming emphasis."

The Winnipeg Free Press is another paper that feels that "there is nothing to be gained from running away from the news of the outside world." It urges Canadians to decide calmly just how much their business plans really should be affected by world conditions.

* * *

THERE is something sound in this advice. Even in the terrible international disturbances of today there is opportunity for Canada. Already we are gaining many new industries from bomb-threatened European countries. And while Europe prepares for war we can win markets.

The example of a Toronto industrialist may be mentioned. This week he placed a very large order for new machinery. He said, "My chief competition comes from Europe. Manufacturers across the water are not going to be able to hold their markets if their leaders are going to play at war constantly. War or no war, I can see expanding world markets for my product because it is made in peaceful Canada. I am going to get ready."

Confirmation of this view comes in a cable to The Financial Post this week from its president. He points out that there is a shortage of many lines of commercial goods in England as a result of the concentration on war manufacture. Canada, he says, has an opportunity to find new markets in Britain in these lines.

The Calgary Herald, too, reminds us that we are singularly blessed in Canada. "There is work that must be done. Our lives must go on," it says. "Business must go on. Canada must progress."

It urges Canadians to forget their jitters and get on with their jobs.

* * *

HITLER is news and he will remain news for a long time yet. But Hitler is not the only maker of news. And he is not news every day. When the King and Queen were here they crowded Hitler off many a front page.

Most Canadian newspapers can be trusted to keep their focus on Europe right. The few that have overplayed wars and rumors of wars have recently been toning down their headlines and finding happier and more attractive ones in new industries, a bumper crop and the happy psychological aftermath of the Royal visit.

But businessmen must not leave it to the newspapers alone to help Canada forget Hitler. They have their own responsibility to put Hitler in focus and not let him destroy their courage, their initiative and their vision of business opportunities to be cashed.

* * *

Ontario Will Need More Power Soon

THE 31st annual report of Ontario Hydro-Electric Power Commission for the year ended Oct. 31, 1938, discloses another growth in power load during the year.

This steadily increasing use of power for industrial and domestic purposes has brought the Commission's system still nearer to the point where development of additional sources of supply will be imperative.

If the power load increases at only a normal rate, the Commission must have actively under way by 1942 some major new project to avert a serious power shortage.

Since the appearance of the previous report, an important movement has been gathering momentum, which further accents the problem. War-troubled Europe is looking to Canada as a ground to which it may transplant its industries.

None can fail to realize the tremendous benefit the country would receive from new industries. But to attract them, an economical and plentiful supply of electrical energy must be assured. Yet Ontario is on the verge of a power shortage.

There are only two practicable developments, which answer large-scale requirements. They are the St. Lawrence and the Ottawa Rivers.

Reconsideration and a thorough investigation of the St. Lawrence project is an immediate necessity. There should be no temporizing by the Dominion and Ontario governments on a matter of such urgency. Our industries must not be allowed to run short of power because of lack of planning.

Company Reports

Algoma Steel

Gross sales of Algoma Steel for the year ended April 30, 1939, were down 20.1%, Sir James Dunn, president, points out. As a result net profits are down to $227,432 from $641,255 the previous year. No dividends have yet been paid on either the preference or common stock but the $5 a share preference dividend becomes cumulative on Jan. 1, 1940.

Balance Sheet Changes

	1939 $	1938 $
Cash	544,108	103,391
Receivables	1,645,438	2,473,773
Inventories:		
Materials, semi-finished prods., supplies	2,523,364	3,400,093
Ore*	295,837	......
Saleable products	634,140	728,648
Steel-rolled under contract	631,475	1,617,517
Advs. to subsids.	607,100	240,892
Bank loan	165,000	3,322,000
Funded debt	3,000,000	......

*Subject to lien of supplier until discharge of $140,015.

Income and Surplus Account Years Ended April 30

	1939 $	1938 $
Sales	10,344,255	12,942,783
Less: Sell., shipping exp., royalties	297,378	262,703
Cost of prod. sold	9,086,206	11,281,318
Operating profit	960,671	1,398,762
Add: Int. earned	22,329	18,908
Net earnings	983,000	1,417,670
Less: Int. on loans	62,771	101,226
Bond interest	69,000	......
Depreciation	566,828	548,181
Income taxes	56,969	127,008
Net profit	227,432	641,255
Add: Previous surplus	1,372,992	731,737
Earned surplus fwd.	1,600,424	1,372,992
Earned per Share:		
Preference	$10.33	$29.13
Common	0.28	1.30
No dividends paid.		
Shares Outstanding:		
Preference, $100 par	22,015	22,015
Common, n.p.v.	407,540	407,540

Working Capital

	$	$
Current assets	6,312,795	8,323,422
Current liabilities	1,283,728	4,508,380
Working capital	5,029,067	3,815,042

Maritime Tel. & Tel. Co. Reports Greater Traffic

From Our Own Correspondent

MONTREAL.—Long distance toll traffic of Maritime Telegraph & Telephone Co. in May totalled 129,171 calls, an increase of 518 over the corresponding month of last year.

C.I.L. Expects Higher Profits

Conservative Optimism Is Revealed in Half Yearly Survey

From Our Own Correspondent

MONTREAL.—Sales of Canadian Industries Ltd. for the first half of 1939 exceeded the total for the like period last year and, while selling prices generally were lower, profits showed a slight increase. If conditions continue to follow the present trend, it is stated, the company should have a somewhat better year than in 1938 when it had a net income from all sources of $4.5 millions.

Over the past six months operations were affected by the decline in business activity during the first quarterly, according to a half-yearly business survey issued by C.I.L.. However, conditions picked up in the second quarter.

Half-yearly Experience

Sales of paints and varnishes have been stimulated by the 30% gain in residential building, which should continue to be accelerated by the higher level of loans under the National Housing Act. In production of motor vehicles and the manufacture of textiles, upward trends of operations should result in increased use of chemicals.

Sales of explosives have reflected higher level of gold production, but there has been some decline in the requirements for highway construction, owing to the late commencement of the year's programmes. Consumption of chemicals by the pulp and paper industry rose during the second quarter and the outlook for the industry is moderately improved by the increase in the shipments of newsprint.

Better prospect for the heavy goods industries is seen by the C.I.L. survey. In this respect, it says, the present situation differs from latter half of 1938 when the restricted demand for durable goods was a drag on the upward trend of industrial activity.

The higher level of industrial construction is expected to continue in view of the income tax credits to firms embarking on plant improvement.

Investors' Index

Algoma Stl. 2, 5, 10 — Agnew-Surpass. 4 — Abitibi 4 — Bldg. Products 1 — Bell Telephone 4 — Burns & Co. 4 — B. A. Oil 4 — Brazilian Trac. 4 — Calgary Power 7 — Can. Industries 2 — Can. Int. Paper 1 — Can. Gen. Invest. 10 — Can. Nor. Pwr. 10 — Candn. Vickers 10 — Candn. Celanese 1 — Canada Life 20 — Consol. Paper 17 — C. P. R. 3 — Dominion Coal 4, 10 — Dosco 10 — Dom. Textile 4 — Dom.-Scottish 4
Foundation Co. 10 — Ford of Canada 4 — Fleet 1 — Gatineau Pwr. 10 — Gen. Stl. Wares 4, 9 — Honey Dew 2 — Imperial Oil 10 — Inter. Nickel 10 — Imperial Tob. 10 — Inter City Bak. 4 — Lake of Woods 4 — Lombard Realty 10 — Montreal Pwr. 10 — Montreal Tram. 4 — Massey-Harris 1 — Maritime T. & T. 2 — Nat'l. Breweries 10 — Okanagan Tele. 7 — Steel of Canada 5 — Shawinigan 4 — Victoria Gypsum 7 — Walkerville Br. 10

MINES AND OILS

Century Min. 18 — Central Pat. 18 — Cariboo G. Q. 18 — Coniaurum 18 — Dome 18 — Hutchison Lake 18 — Hudson Bay M. 19 — Kelrowe 19 — Kirkland Lake 18 — Laguna 18 — McKenzie R. L. 19 — North Whitney 18 — O'Brien 18
Paymaster 18 — Perron 18 — Privateer 18 — Pioneer 18 — Spud Valley 18 — Straw L. Beach 18 — Siscoe 18 — Sturgeon River 18 — Thompson-Cad. 19 — Ventures 18 — Wright-Harg. 18 — Wendigo 18 — Yama 18

REGULAR FEATURES

Banking 20
Foreign Exchange 9
Bond Markets 5
Bond Quotations 8
Business, Week in 7
Editorial 6
Insurance 20
Investment Trends 4
Investors' Enquiries 10
Market Opinions 4
Stock Quotations 8
Mining, Week in 18
Mining Enquiries 19
Stock Quotations 8
Municipal Finances 10
Oils, Week in 18
Stock Quotations 8
Pulp and Paper 17
Wheat, Week in 9
Grain Quotations 9

Tension is Relieved

(Continued from page 1)

attempting to inform the German people of this truth. Unhappily, the effort is not without adverse consequences since every British appeal to the commonsense and justice of the German people themselves is distorted and interpreted by the German leaders and the Nazi-controlled press as a sign of weakness and proof of British decadence.

Nevertheless the British will persist in their effort to convince Germany and German leaders that Britain is strong and yet determined to use her strength to achieve justice for all.

Russian Deal Lags

5. Negotiations with Russia will continue but they have been far from satisfactory. The Russians have permitted the discussions to drag. Agreement on one point is merely the signal for further demands from the Soviet. It is difficult to know whether Stalin seriously desires a non-aggression alliance with Britain or France or is merely playing with the western democracies for some ulterior motive.

Having initiated the conversations Britain, for reasons of prestige, must continue them and seek to achieve an understanding. For that reason, she has made concessions that she would not otherwise have made. But Great Britain has serious doubts as to the effectiveness either of an understanding with Russia or of the value and character of Russian support in an emergency.

Definite information as to the strength of the Russian army and air force is difficult to get. That large numbers of men could be mobilized cannot be questioned. That Russian forces are reasonably well equipped is admitted. But trained leadership is lacking. It is estimated that 70 per cent of all Russian officers of the rank of captain or higher have been liquidated. Russian military strength may be brute force minus intelligent direction.

Evade Trap Set by Japs

6. The Japanese situation is causing considerable concern but Britain has no intention of being manoeuvred into a crisis in the Far East in order to provide an opening for aggression in Europe.

7. There is no indication that Hitler has finally determined what his immediate or long term line of strategy may be. He probably has at least half a dozen ambitious plans lying on his table. He may, at any moment that he considers propitious, select one of them and seek to put it into execution. If he does so he will not give any warning of his intent. He will strike overnight.

8. It is essential to the success of Hitler strategy that the democracies should be kept not only guessing but nervous and ill-at-ease. There is a constant attempt to break down the morale of the British people by a "war of nerves" such as both Germany and Italy have been carrying on for over a year. In reality the campaign has been far from successful. It is essential that both Hitler and Mussolini should be made to understand that it has not been successful in breaking down the morale of the democratic peoples.

9. In Italy, Germany and Japan, economic and financial strain is increasing. The standard of living of the people is declining in all of these countries.

The danger in this situation is that the "war of desperation" becomes a possibility. Dictators who are losing ground at home might be prepared to take the almost certainly suicidal gamble of war to unite their people behind them once more.

However, this factor is not regarded as so great a threat as the belief assiduously fostered in Germany by Ribbentrop and Himmler that the British Empire is disunited, the democracies are at cross purposes and that Great Britain—unassured of the support of the Dominions and the United States — would make any concession to avoid war.

That Ribbentrop and Himmler either misunderstand or deliberately misrepresent the situation is beyond question. Britain is determined that Hitler and Mussolini and their peoples shall be made to appreciate this.

In fact, there is reason to believe that Britain is getting her message across to such an extent that Hitler may yet listen to more reasonable counsels and refrain from plunging Europe into a war that would destroy him and his regime.

British Stand Together

My observations of conditions in England lead me to the firm conviction that the British people are united in spirit and purpose to a degree that may not have prevailed since the times of Napoleon. And as a Canadian I cannot but contrast this spirit of national unity with the diversity of aims and purposes apparent in Canada.

Freely United

The unity of spirit among the people of these little isles is not the product of centralized direction of public thinking, of propaganda or of press control. Britain has a free press. But voluntarily and from a common conviction, the newspapers of the Motherland have joined their voices in support of those national policies that are all essential to meet the challenge of 1939 in Europe. Across the channel dictatorship countries have obtained a similar unanimity in press comment by compulsion. Britain has it by the free opinion of a variety of newspaper publishers and editors who realize that, come what may, the one thing that counts today is to halt the dictators on their present line.

Baron Beaverbrook, Canadian-born press lord and publisher of The Daily Express and Evening Standard, continues to reiterate in his papers that war is not likely. It will be remembered that day by day throughout the September crisis of 1938 Lord Beaverbrook declared his fixed belief that Britain would not be involved in war in 1938 or 1939. He may seem to have modified his phraseology somewhat, while stubbornly holding to the view that war probably will not come. But I hear he has invested $20,000 in a shelter home that will provide safety for his family should Britain be subjected to aerial attack. Many wealthy men in Britain have pursued a similar plan.

Elaborate Preparations

It is difficult for Canadians to realize the extent of the preparations, not only for military defense, but for civilian defense that have been made in Great Britain and on the continent. Business concerns have made most elaborate arrangements for evacuating their staffs from exposed offices and factories, for the protection of their records and for carrying on under the changed conditions of war if such a necessity should arise. A great deal was learned during the last war and what was learned has not been forgotten. The experiences of that period are being drawn upon in plans that are being made today.

A wide variety of problems are involved. There is the question of the protection of civilians — men, women and children — of their homes, offices and places of work. There is the question of providing adequate food supplies to meet any emergency. Equally important is the problem of supplies of raw material to enable industry, particularly war industry, to carry on should trade routes be exposed to greater danger than in the last war.

Industry has organized many committees to deal with the manifold details and difficulties that must be anticipated. Nearly every person of executive calibre in Britain already knows what his responsibilities will be should war come. Yet in the midst of this far-reaching series of preparations there is no hurly-burly and there is no confusion. The utmost calm and good humor prevail.

Unemployment Drops

Unemployment is decreasing rapidly. The heavy industries and particularly those engaged in some phase or other of rearmament are most active. A real difficulty has arisen in obtaining supplies of ordinary peace-time articles sold in normal commercial channels. This presents to Canadian manufacturers a rare opportunity to fill the gap and obtain a foothold in this market. In certain lines a hearty welcome would be extended to imports from Canada.

At the same time it should be recorded that the war scare is having an adverse effect upon the daily buying of consumers. Retail trade is not holding up as well nor matching the increases in heavy industrial activity. It is expected by seasoned observers that this condition will not long prevail as the large war expenditures are almost certain to spread purchasing power widely throughout the population and bring about something in the nature of a business boom that will make itself felt in the retail shops.

Hotels and resorts are not crowded. There is a much reduced flow of tourists from the United States and Canada. Incoming steamship passenger arrivals are much below normal.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Stratford, Ont.	July	Burns Bros. & Denton	3%	20-ins.	$100,000	99.69	3.03%
Village of Mont Joli, P.Q.	June	Dube, Leblond & Co.	4%	1940-49	12,500	98.40	4.33%
Sch. Mun. St. Jean, P.Q.	June	Banque Can. Nationale	3½%	1940-49	77,200	100.12	.....
			4%	1950-59			
District of Oak Bay, B.C.	June	Gillespie, Hart & Co.	4%	5 & 10 yrs.	27,500	.....	.....
Streetsville, Ont.	June	Harris, Mackeen, Goss & Co.	3½%	20-ins.	27,000	102.78	3.20%
Elora, Ont.	June	W. C. Pitfield & Co.	4%	20-ins.	12,000	106.85	3.25%
Provincial—							
New Brunswick	June	U. S. Syndicate	3%	1944	4,250,000	*100	.....
			3½%	1949	5,000,000		

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of Providence, Montreal	July	Paul Gonthier & Co.	4½%	1940-59	$150,000	†	.....
Canadian National Railway Equip Trust Certificates	July	Wood, Gundy & Co. and Syndicate	2½%	10-yr. ser.	6,500,000	100.79	2.34%

*Offering price. †Offering price varies with maturity dates.

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Bata's Capital From Abroad

(Continued from page 1)

other chemical processes, and in development of new shoe materials.

Ultimately the Canadian unit may produce machinery and parts for use in other Bata plants. The importance of the Canadian research and machinery facilities is currently being intensified by establishment of additional auxiliary plants in South America, South Africa and Egypt. However, the Canadian plant will export shoes to South Africa and to British India, where a plant is already operating, to supply lines not produced in those countries.

Other markets to which the Canadian unit will export, according to present plans, are Central America, British West Indies, French and British Guiana, New Zealand and Australia. Bata officials insist that their Canadian output will go chiefly into export channels and thus not create much extra competition for Canadian shoe producers in the domestic market. However, Canadian shoemakers have built up substantial export markets in Jamaica and New Zealand, where existing Bata operations are to be considerably extended.

Doubt Adverse Effect

Bata executives in Canada do not believe that advent of their plant will have an adverse effect on the Canadian industry. Despite continued expansion of the Bata enterprise in Czecho-Slovakia, they say, the past 10 years have seen marked increase there in both the number of shoe factories operating and the total sales of shoes. Competition and the creation of new lines appeared to expand the market for shoes, rather than cutting sales of any concern.

Another point cited is that while Bata shoe prices are generally in the popular price range and are kept at levels permitting export competition, they run all the way from low to medium. Furthermore, it is said, the Canadian Bata factory will not compete on a low wage basis, but will pay comfortably above the average wage level of the Canadian shoe industry. Average paid wage earners only (excluding salaried employees) in the Canadian shoe industry was $675 in 1937, $626 in 1936.

Housing at Cost

The Bata system does not involve supplementing of wages with free housing, community facilities or entertainment, The Financial Post is told. Wages are regarded as payment in full for work done, and the houses, apartment-dormitories, and other facilities for a self-contained community around the factory at Frankford will be provided optionally at cost basis rates.

Neither the wages paid nor the community facilities in connection with the English Bata plant appear to have caused any difficulty or complaint. According to cabled advices received by The Financial Post from England, chief source of complaints from other firms was the use of a "belt system" or assembly line method to achieve rapid production in large volume.

British Industry Upset

According to sources in the British shoe industry, adoption of this system coincided with pressure on retail prices through the Bata retail chain of 200-250 stores in England This assertedly tended to unsettle conditions in the industry. The disturbance affected manufacturers, workers, and the trade generally, according to these sources. Labor turnover at the English Bata plant is said to have been large.

On the other hand, Bata executives in Canada report that despite expansion of English production facilities, the plant has difficulty in keeping up with sales from the English retail and wholesale outlets. The absorption of the plant's capacity output by the British market was one reason why the Bata interests decided against expanding the English unit to supply the Empire export market.

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New Honey Dew Stock Is Called for Trading

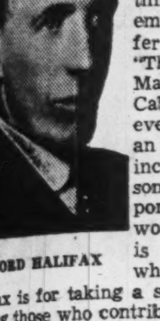
Toronto Stock Exchange called the new common shares of Honey Dew Ltd. for trading July 10. These are the new common shares issued under the reorganization plan approved May 2, 1939. Ticker abbreviation of the stock remains HK.

London Calling — By Atticus

Halifax, the Strong Man of the Cabinet, Continues to Hold Nations' Respect — Vivid Churchill and Travelled Strang

LONDON.—The rise and fall of reputations in public life present an endless and fascinating study. For months on end a Minister will ride like a cork on an incoming tide of popularity and there seems nothing to stop him being tossed eventually upon the golden shores of triumph. Then the tide, as is the custom of such things, will turn around and the cork is taken out to sea again until it disappears from view. Ministerial reputations are seldom static. Unlike the present stock market the quotations are always altering.

There is, however, one exception to the law of ebb and flow. Lord Halifax proceeds on his way with a favoring breeze and a tide that never turns. Those who can only think in cinema terms refer to him as "The Strong Man of the Cabinet." If ever there is an unpleasant incident in some far-off portion of the world there is always a whisper that Halifax is for taking a strong line. Among those who contribute to this pleasing and, no doubt, convincing legend are the foreign Ambassadors in London who do not disguise their personal liking and admiration for the British Foreign Secretary.



LORD HALIFAX

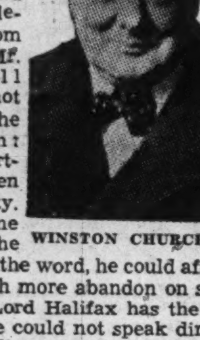
Perhaps a few of our former Foreign Secretaries might contend that it is not easy to fail in that office when there is a Prime Minister ready to assume complete responsibility for everything. Further it could be argued that a minister who does not have to face the fierce scrutiny of the House of Commons can hide his defects, should he be the unfortunate possessor of such things. Whatever the weight of such logic may be Lord Halifax, always dressed in the most sombre and almost funereal black clothes, makes his way from Downing Street to the House and back again, seemingly unaware that he is one of the most discussed men of our time.

* * *

The Top Four

The dinner given to Lord Halifax by the 1900 Club recently was an extraordinary tribute to the respect in which he is held. Men of importance in every walk of life turned up and gave him a reception that was genuine and enthusiastic. Nor did he lack the admiration of the ladies who graced the occasion with their presence. The whole affair, in fact, had the atmosphere and promise of a great occasion. Unfortunately the promise was not quite fulfilled. The evening finished on a steady decrescendo and we went away with a vague feeling that we had expected too much or been given too little.

Mr. Churchill, who proposed the health of Lord Halifax, can never be dull. His personality is too vivid for that. But why should such a lord of language feel it necessary to prepare his speech meticulously and make no departure from his notes? Mr. Churchill does not speak for the Government or a department or even for a Party. He is a lone wolf and, if he will forgive the word, he could afford to howl with more abandon on such occasions. Lord Halifax has the excuse that he could not speak directly to his audience but had to address those distant capitals where foreign statesmen place the microscope on every phrase he utters.



WINSTON CHURCHILL

Therefore he prepared his speech and read it quite openly. Thus in the two principal speeches of the evening we were never dazzled at the birth of a phrase or staggered by some truth that came like a flash from the dark recesses of the mind. There were wisdom, clarity, dignity —all good things—but none of that tempestuous urge which gives us an immortal truth or a new philosophy.

And here I would utter one solemn thought about what might be called "head table technique." The four speakers that night, Lord Halifax, Viscount Fitzalan, Lord Londonderry and Mr. Churchill, are all impressive or intriguing personalities. But their main references to each other, exhilarating as such things may be, created a certain embarrassment for the rest of us. We felt that we were intruding on an old boys' reunion and had become unwitting eavesdroppers.

Nevertheless I would not have missed the 1900 Dinner for a lot. It was impressive and important. Besides with Lord Lloyd and Lord Hardinge at my table there was lively conversation spiced with rich experience.

* * *

A Difficult Position

These are difficult times for our diplomats who find themselves in unfriendly world capitals. The spirit of Billingsgate has replaced the stately tone of international relations in former days. Even the courtly Japanese are showing that their genius for imitating western civilization has not diminished. Yet I venture to think that Sir Robert Craigie, our Ambassador to Tokio, still retains something of his friendship for the Japanese nation. At home, here, we are inclined to credit the Chinese with all the virtues and leave the vices to the little men of Nippon. In fact it is almost a shock to talk to someone, for example, like Sir Francis Lindley, our former Ambassador to Tokio (and a close personal friend of Mr. Chamberlain) who refuses to regard Japan as our natural enemy or Russia as our natural friend.

Sir Robert Craigie, however, is working under much more trying circumstances than did Sir Francis Lindley. It will take all his self-control to keep an unbiased judgment toward affairs in the Far East.

Sir Robert has the right personality for his difficult task. He stands erect and stiff like a soldier and is justifiably proud of his brushed up mustache. At 56 years of age he can look back upon a wide and varied experience. At Washington and Sofia he straddled the problems of the old and new worlds, while as second-in-command to Sir Robert Vansittart at the Foreign Office, he was able to study the foreign scene as a whole. His appointment to Tokio in 1937, when the war clouds were gathering in the Far East, was a tribute to his strength of character. Incidentally his wife must have one of the most unusual yet charming names in existence. One would imagine that the naming of a girl "Pleasant" would indicate poetical and dreamy parents. Actually Lady Craigie's father was the Hon. Pleasant A. Stovall of Savannah, Georgia. He was a rich newspaper proprietor who graduated to diplomacy and, as American Minister to Berne during the war, made the acquaintance of Robert Craigie who was attached to the British Legation there. By giving his own first name to his daughter Mr. Stovall carried out a custom, more common in America than here, of duplicating the family names with each generation. In this case I cannot but think it was a happy gift to the future wife of the Ambassador.

* * *

The Flying Diplomat

Another public servant with "a load of mischief" is Mr. William Strang who must be beginning to envy Napoleon who was able to retreat from Moscow. Mr. Strang's activities during the last few years have considerably enriched the various European transport companies. When our diplomacy was more on the move than it is today he accompanied Sir John Simon or Mr. Eden to Berlin, Moscow, Warsaw, Prague, Stresa, Geneva and Paris. When Mr. Chamberlain flew to Berchtesgaden Mr. Strang went along too. During the difficult time when the Vickers "spies" business was on in Moscow he was chargé d'affaires there. His capacity for languages is marked. In his opinion German is the easiest of foreign languages but he is not afraid of Russian or even Serbian and is at home in French or Italian. Mr. Strang gives the impression of excellent vitality. He talks quickly, thinks quickly, writes quickly and walks quickly. He joined the Foreign Office when he was 26, "without benefit of Oxford or Cambridge."

He possesses suavity, alertness, imperturbability and an infinite capacity for work. If there is no treaty with Russia he will no doubt have to listen to the clamor that the Government sent the wrong man. It is difficult to think of anyone more fitted for the laborious business of reaching an agreement with the brooding enigma who rules the Soviets from his fortress in the Kremlin.

* * *

A Human Lawyer

There was much sadness when we learned last week that Theobald Mathew, that famous "Junior" of the Royal Courts of Justice, had died at the age of 72. His was a rich and ripe personality. With his bushy eyebrows, his pince-nez, which he used like a baton, with his exuberant wit and his generous interest in all humanity he made a host of friends in every walk of life. Dickens would have loved him. There was nothing drab or average about him. He loved London with the unrestrained passion of an Irishman and when he took his daily walk from Queen's Gate to his chambers in the Temple he had all the eager interest of a tourist seeing London for the first time. While his "leader" would be arguing a case in court Mr. Theobald Mathew would help himself to concentrate by sketching the Judge or some of the jury in his note book. He had a considerable gift with the pencil and might well have carved a career with it if he had not been drawn into the meshes of the law.

He wrote as well and his "Forensic Fables" (in four volumes) and "For Lawyers and Others" and his valuable work, "Practice of the Commercial Court." won him the esteem of his fellows if not any great monetary reward.

In 1913 he was appointed Recorder of Margate, the position which he gave up in order to become the Recorder of Maidstone in 1927. Nine years later he retired. Had he lived he would have been treasurer of Lincoln's Inn at the end of this year. That is a loss which the benchers will feel deeply.

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Air Mail Sets Pace Telegraph Firms

From Our Own Correspondent

MONTREAL.—Both the Canadian National and Canadian Pacific Telegraphs have put into effect new low rates for evening and Sunday telegrams. Between offices in Canada 40 words can be sent at the same rate as a 10 word day telegram. Other concessions also are made to induce an increase in traffic.

It is understood that one reason for the rate reduction has been the inroads made on the night telegram business by the newly established air-mail service. The speed and cheapness of the latter are said to have attracted many messages which ordinarily would have gone by telegraph.

Magnificent Last Resort

First Stage Completed, New Building Of Supreme Court is Noble in Concept

From Our Own Correspondent

OTTAWA.—Destined to be source of significant rulings affecting finance, industry and government in Canada, the magnificent new headquarters of the Supreme Court of Canada has passed the primary stage of its construction and is well under way toward completion.

In keeping with its probable future status as final court of appeal in the Dominion—move to abolish Privy Council appeals having already been launched—the court is to have a new home of noble proportions and impressive design. Site commands a fine prospect of the Ottawa River. The building itself, erection of structural steel for which was recently completed by Canadian Bridge Co., of Walkerville, is to cost $2.5 millions.

With fittings, accessory equipment and surrounding landscape development, the project will involve total outlay of close to $3.4 millions. Completion of the building, at least to a point permitting occupancy, is expected by Anglin-Norcross Ontario Ltd., general contractor, by May, 1940.

Exchequer Court Home Also

In addition to housing the court, justices and auxiliary staffs, the big structure will also provide accommodation for the Exchequer Court, the highly valuable Supreme Court law library, and a 300-car parking garage in the sub-basement. Provision of adequate and dignified quarters for the Supreme Court and library has long been agitated to replace the present court building—a rambling, dilapidated old structure, a former workshop of the public works department and years ago condemned as a menace to health, a fire hazard, and in danger of structural collapse.

Importance of the project to the construction and materials industry is indicated by supplies needed for the building. Structural framework took 2,350 tons of steel, all fabricated at the Walkerville plant of Canadian Bridge, Dosco subsidiary. Other requirements include a large quantity of granite blocks for main exterior wall facing, over one million bricks, 1,100 tons of sandstone, 1,800 tons of crushed stone for concrete, 250,000 sq. ft. of terra cotta for partitions, and 110,000 bags of cement.

Wide Terraces

As designed by Ernest Cormier in harmony with the Justice, Confederation and Parliament Buildings nearby, the project will have gross dimensions of 328 ft. wide by 418 ft. deep. Part of the site will be occupied by a 10-ft. landscaped terrace and an 80-ft. paved terrace, however, the building proper being slightly over 200 ft. square. The main hall will reach to the full height of five stories, and each court room will be two stories in height. Height of front elevation will be 129 ft., giving each story an average height of 26 ft.

Entered by bronze doors from the outside, the big main hall will be centred by an imposing staircase leading to the Supreme Court session room. This is to be a spacious hall 40 by 55 ft. and lit by six high windows. Convenient to the court room will be recess and robing rooms for the justices; public offices and rooms for court officials; court reporters' and sheriff's offices; press room and messengers' room; anteroom and waiting rooms.

Suites for Judges

The second floor will provide private offices and suites for the judges, conference room, and reception room, while the dining room and judges' private library will be on the third floor. A private stairway and elevator will lead from the judges' private garage to the upper stories.

Other parts of the building will have facilities for the Exchequer Court and justices, attorneys, and the public. Each of the Supreme Court justices' offices will have ante-room, secretary's office, judge's office and washroom.

Supreme Court library will be at the rear of the building, with bookstacks extending from the basement to the top of the building, with initial accommodation for 250,000 volumes. The stack will be accessible from the Supreme Court justices' quarters.

When completed the new building will be in tremendous contrast to the present small, dingy building of the court, which at various times has been used as a stable, quarters for workmen erecting the Parliament Buildings, and a carpenters' workshop. When the Court's first session was held in the building in 1876, it was designed as "temporary quarters" for the court—a phrase to which successive Governments gave an increasingly elastic interpretation.

Newfoundland Notes

Gorvin Takes Over

J. H. Gorvin, the new member of the Newfoundland Commission of Government, has arrived in St. John's and taken over the duties of Commissioner of Natural Resources from Hon. R. B. Ewbank. The new commissioner takes office with a wider knowledge of conditions in Newfoundland and the problem facing the Island than any of his predecessors. Last year he spent considerable time in Newfoundland making a survey of conditions in the capacity of special economic adviser to the Government. In recent months he has been studying methods and conditions in the fishing ports of England, also of Scotland (including the Hebrides and the Orkneys) and Norway.

* * *

Hire Canadian Engineers

A large road building programme is planned for the current year by the Newfoundland Government. In this connection the Government has hired two Canadian engineers to take charge of the road building programme. They are Charles L. Hays and Joseph S. Mills. Both of these men have had experience in road building in Ontario. Mr. Hays was formerly a district engineer for the Department of Northern Development of the Ontario Government and later superintendent of construction for the Standard Paving Co. In the latter capacity he superintended work on the Trans-Canada Highway in Ontario and Nova Scotia.

* * *

Stocks of Codfish

Licensed exporters had on hand 148,500 quintals of codfish at the end of May. This was made up as follows: 39,895 quintals of shore fish, 31,454 quintals of bank fish and 77,151 quintals of Labrador and Newfoundland soft-cure fish. The above figures include 39,150 quintals of this year's catch, leaving 109,350 quintals of last year's fish. This compares with 72,461 quintals of 1937 fish in stock at May 31, 1938.

The total quantity of codfish exported in the 11 months ended May 31 was 1,183,544 quintals as compared with 922,764 quintals in the same period of 1937-38.

* * *

Herring Fishery

The agreement between the North American Fisheries Ltd. and the Commission of Government of Newfoundland for operation of a floating herring meal and oil factory on Labrador is reported being completed. The factory ship is now en route from the Pacific coast and is expected to be in Newfoundland late in July. Some Newfoundlanders may be employed on the ship, but it must have American officers and personnel in order to make shipments into the United States free of duty. However, a considerable number of shore fishermen will be employed. Preparations are now being made for supplying the shore fishermen with the necessary boats and nets.

* * *

Lobster Fishery

Newfoundland's lobster fishery is in full swing. Large shipments of live lobsters are being made both to Canada and the United States. Expectations are that exports of live lobsters will be larger than in 1938.

Trust Service Is Important to Women

Enquiries Invited.

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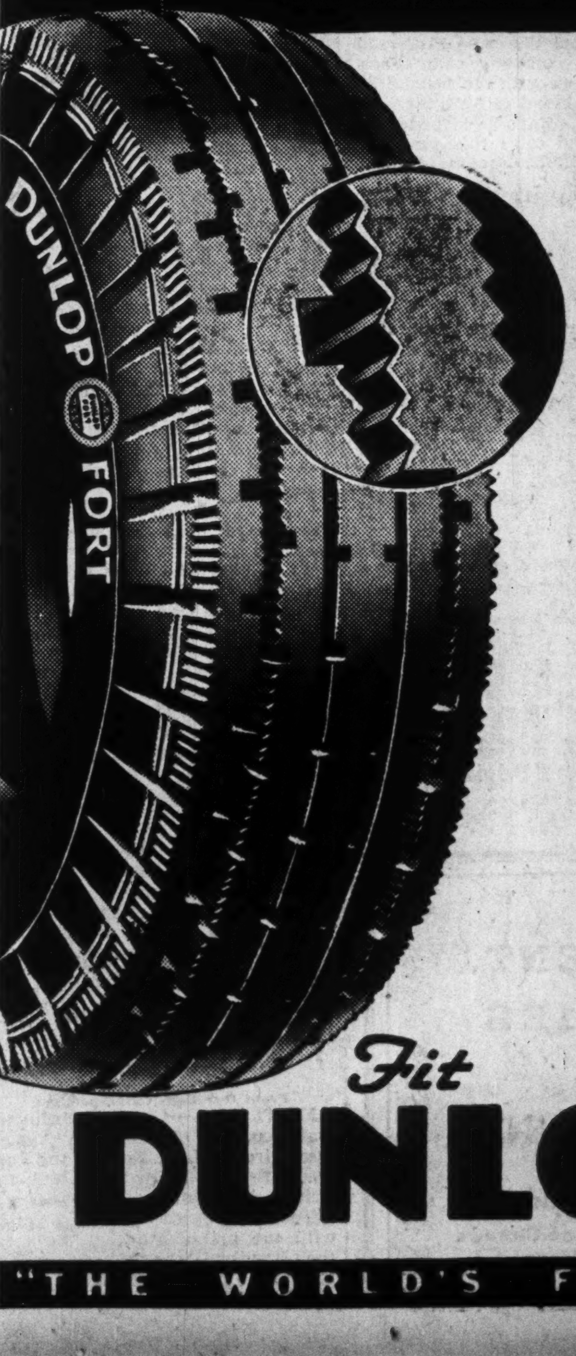
HAMILTON, ONT. - MONTREAL, QUE.

FOR THE FIRST TIME IN HISTORY

TEETH in TIRES



DUNLOP 'FORT'

Now Provides New Driving Safety—With 2000 Teeth to Bite and Grip the Road

The most outstanding tire development since DUNLOP invented the pneumatic tire. See DUNLOP 'FORT' now. It's the only tire in the world with 2000 solid rubber teeth—over 5000 sharp edges to bite and grip the road and give you silent, safer traction on all roads and at all speeds.

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"THE WORLD'S FINEST TIRE"

Get this dollar-saving ruggedness in your next car!

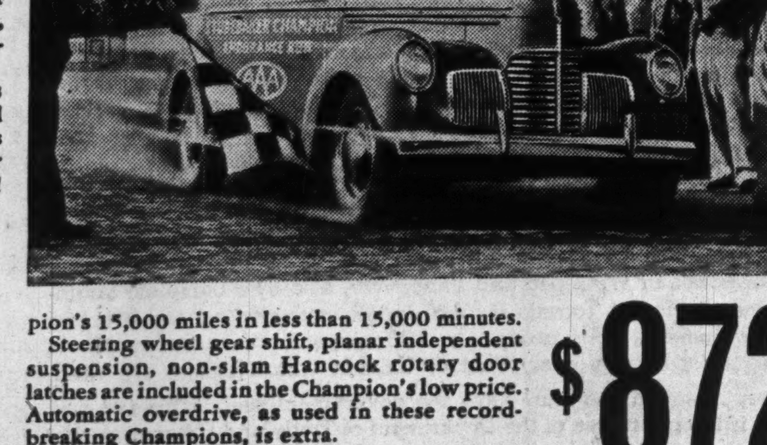
Studebaker Champion travels 15,000 continuous miles in less than 15,000 minutes!

SETS NEW A.A.A. STOCK CAR RECORDS FOR ENDURANCE AND ECONOMY!

RUNNING side by side, night and day, under A.A.A. supervision, for 241 hours 50 minutes, two stock Studebaker Champion sedans have just completed the amazing feat of traveling 15,000 continuous miles each on the Indianapolis Motor Speedway at an average speed of 62.02 miles per hour!

These Champions were driven at better than a mile-a-minute pace, hour after hour—in sun, rain, wind and calm. Yet, even at this speed, they averaged 23.2 and 21.8 miles per Imperial gallon!

In fact, one of these Studebaker Champions is the same car that set an A.A.A. coast-to-coast round trip record for 6 and 8 cylinder cars earlier this month, traveling 6,144 miles at 40.8 miles per hour for an average of 32.7 miles per Imperial gallon!



Cut down your cost of motoring —own a Studebaker Champion!

Why stake your new-car money on an ordinary lowest price car, when for the same money you can be the proud owner of this safe, sound, good-looking, restful riding, dollar-saving Studebaker Champion that now holds these outstanding official A. A. A. records?

Never, since a Studebaker President broke all records for stock cars for all distances from 3,000 to 30,000 miles in 1928, has any stock car traveled anything like the Studebaker Champion's 15,000 miles in less than 15,000 minutes.

Steering wheel gear shift, planar independent suspension, non-slam Hancock rotary door latches are included in the Champion's low price. Automatic overdrive, as used in these record-breaking Champions, is extra.

Come in today for a thrilling Studebaker Champion trial drive. Your present car can apply on this Champion's down payment—easy terms.

$872 for a Studebaker Champion coupe, delivered at Walkerville, Ontario

All performance statements made above are based on Certificate of Performance Sanction No. 3716, Contest Board A. A. A.

THE STUDEBAKER CORPORATION OF CANADA, LTD.

WALKERVILLE, ONT.

Investment Trends

Bright Crop Outlook Overshadowed by Fears

Inactive Markets Seem Waiting Clue From Europe With Current Moves Lacking in Decision and Strength

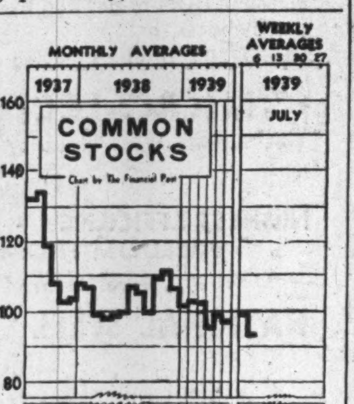
From a purely Canadian standpoint, chief business interest has turned what promises to be one of the largest crops harvested in this country for years. If the outlook for prices was nearly as good as the outlook for bushels, there would be excellent ground for forecasting prosperity.

This condition, however, applies to Canada only and stock markets look farther afield. Under present continuation of the game of European bluff, there is little incentive for markets to move ahead as might otherwise be justified. Canada can hardly initiate the move on her own account and carry it to any important lengths. Our markets must have the support and leadership of those in the United States and Great Britain.

Thus we can apparently expect the period of stalemate to continue until the outlook, particularly politically, clears.

Industry Steps Up

Industrial activity in Canada continues to gain, according to the Canadian Bank of Commerce. June reports show all major categories, with the exception of the automotive trades, up over May. Although admitting that gains in food, textile and wood product industries are seasonal, the bank points out that better conditions are indicated for a number of industries that have been quiet for some months.



Clothing, cottons, newsprint, furniture and dressed lumber all showed gains. Electrical equipment manufacturers were more active, with mixed conditions reported in iron and steel trades. Measured by percentage of factory capacity being utilized, major industrial divisions stand as follows:

	May %	June %
Food, drink, tobacco	58	58
Clothing	86	91
Pulp & paper	67	68
Wood products	75	80
Automotive trades	89	85
Iron & steel trades	60	65
Heavy	51	62
Medium	59	60
Light	73	74
Non-ferrous metal products	69	72
Non-metallic mineral products	81	85
Chemicals	90	90
Miscellaneous	83	87
Composite index	72	74

* * *

Dow Theory in Britain

British opinion on the probable course of the stock market in that country does not seem any too definite. It perhaps tends slightly toward a pessimism which seems harder to understand in the face of reports of boom conditions in most lines of British industry.

C. B. Ormerod sums up the situation thus in the Investors' Chronicle:

"The initiation of a definite primary uptrend in British security prices appears to have been postponed rather than cancelled by recent international political developments. Chart readers should watch the Investors' Chronicle indices closely to see if the month of July is going to confirm the existence of such an uptrend. The necessary confirmation would be provided by a rise to about 110.8 on the 1939 industrial index." This index ended at around 105.5 for June.

Authorize N. B. Railway To Issue $750,000 Bonds

From Our Own Correspondent

MONTREAL. — New Brunswick Railway Co.'s directors have been authorized by the shareholders to issue $750,000 first mortgage bonds bearing interest at 5% and secured by properties owned by the company in Canada.

Purpose of the issue of these bonds, among other things, is to assist the company in taking care of the premium which it had to meet on its mortgage bonds which expired Aug. 1, 1934. This liability arises as a result of a judgment of the House of Lords handed down last year in connection with the interpretation of the gold clause in the 1884 bonds.

APPOINTED MANAGER

D. L. Young has recently been appointed manager of Champion Savings Corp. for Quebec province. Mr. Young's offices are at 304 Dominion Square Building, Montreal.

Dom. Textile Orders Jump

Book $1 Million More in June Than Same Month in 1938

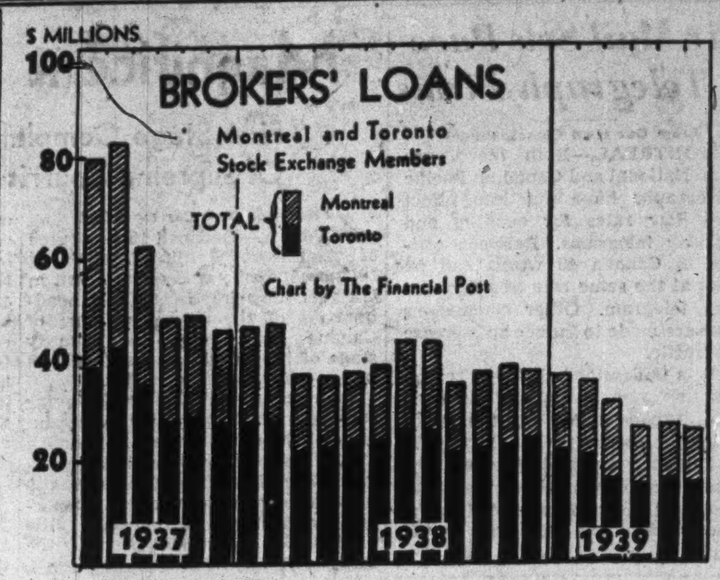
From Our Own Correspondent

MONTREAL.—Dominion Textile Co. booked $1.8 million of orders during June as compared with $800,000 for the same month last year, according to a statement made by Sir Charles Gordon, president, at the annual meeting of the company's shareholders. While the volume of business to date is still below the 1938 level, Sir Charles added, the company is rapidly catching up.

In reviewing the textile situation, Blair Gordon, managing director, said the outlook generally was good and with a good stock of cotton on hand and somewhat better labor conditions than prevailed a year ago, the company was beginning to see better business conditions ahead.

Referring to competition from abroad, Mr. Gordon stated that with the exception of the United States the Dominion Textile Co. paid higher wages than those obtained by cotton mill employees in the countries which sold textile goods to Canadian markets.

He remarked that what was sound production practice in the great mills of the world's cotton leaders a decade or so ago no longer ruled. Mr. Gordon pointed to the loss by the Lancashire mills of a large proportion of their export business except in a sheltered market such as Canada. He said that much of this business had gone to Japan and England's loss had been mainly because she did not keep up to date in the manufacturing methods.



LOANS AT RECORD LOW —

Collateral borrowings of members of the Montreal Stock Exchange set a new all-time low at the end of June and Toronto figures were not far behind. Inactive markets and low prices have taken full toll but have also left little grounds to fear any heavy forced liquidation from margin calls if the market were to drop sharply again.

Market Opinions

Observers are waiting for some signal which will give a basis for forecasting the trend of the next stock move.

The Annalist, New York.—"Once the present decline has been completed the market will be in a position more favorable to a substantial advance than it has been for several months." Security markets are dominated by European developments but "even temporary improvements in the European situation has been followed by moderately good rallies."

* * *

Barron's, New York (The Trader) —"Though the stock market is not in a discounting frame of mind, earning power—in the long run—tells. The few earnings statements that have thus far come to light have been quite encouraging and those to come for the remainder of the month should be fully as good, if not better.

"Pressure of liquidation is almost nil in the stock market and in industry. Pressure to invest funds is still growing. Business is swinging upward at home and in England and France."

* * *

The Investors' Chronicle, London (July 1)—"Pending a change of heart on the part of Germany, and more particularly the German press, the prospect for speculative operations is cloudy. Investors would appear well advised to retain at present depressed prices the sounder type of semi-speculative investment, while for lock-up investment purposes present conditions provide some good opportunities. But for the short term speculator the scope is limited."

* * *

Barron's, New York (The Dow Theorist)—"Any rise through the June highs, no matter how accomplished, would not unequivocably signal a bull market. The latest downtrend indication so far is a mild one, and an immediate rise might have to be classed as a borderline case between a bull market signal and a mere signal of resumption of the secondary uptrend which began April 10. . . .

"However, it is possible at this time to say with fair assurance that under the Dow theory both primary and secondary trends are down."

* * *

Brookmire Counsellor, New York, referring to recent price rises, argues that: "This doubtless reflected the distinct easing of foreign tension, as well as further reports of improving business here. Since both these trends are likely to continue, the future prospects for dynamic stocks —especially from current still-depressed levels—appear enhanced."

* * *

The Economist, London (July 1)— "There is no lack of money awaiting investment, but it is waiting with the conviction that time is on its side. The markets are restless but calm. Facing a period of possible political trial, they may claim credit even for their inactivity."

Investment Notes

Ford of Canada—New passenger car registrations in eastern Canada for the first five months of 1939 show Ford registrations at 5,265 units and Mercury at 1,203 units. During the corresponding period of 1938 Ford registrations—the Mercury was not being made then — were 8,871. These figures do not include western Canada sales nor export shipments. The latter has amounted to around 50% of total output of Ford of Canada in recent years.

* * *

B. A. Oil — $222,000 of the company's 4% debentures have been called for sinking fund, payment to be made at 101½ on Sept. 1. On June 1 a serial maturity of $500,000 was paid and, with the latest call, funded debt will have been reduced by $722,000 by Sept. 1 to $5.6 millions from $8 millions sold in 1935 and 1936.

* * *

Tin Imports—Imports of tin in May totalled 6,043 cwt. compared with 1,651 in April and 5,650 in May, 1938. The gain in May imports coincides closely with the opening of the new tin plate mill at Algoma Steel Corp., although the rise from April is probably due to seasonal factors.

* * *

Brazilian Traction—Evidence that Brazil's efforts to regain its predominant position of the world coffee trade are having success is noted from trade estimates for the year just closed. World coffee consumption reached the record level of 26.7 million bags last year, a gain of 4.9% over the previous year. Of this Brazil supplied just under 17 million bags, or 61% in contrast with around 50% prior to abandonment of the restriction schemes. Brazil's gains in volume were at the expense of price, the country obtaining between six and seven cents a pound as compared with 10½ cents before the control was ended in the fall of 1937. In the current year it is expected Brazil will continue its policy of low prices to recapture lost markets and eliminate low grades while concentrating on the better grades. The U. S. remains the heaviest consuming nation, taking about 52% of the total last year, of which about 9 million bags came from Brazil.

* * *

General Steel Wares.— Preferred stock of this company came back to life this week with the announcement of a dividend of $1.75 a share. Last year the company earned over $7 a share and sales this year are said to be holding up well. At 65 the preferred does not appear to be overvalued.

* * *

Shawinigan — Stock has been attracting a fair amount of attention for investment buying under 20 a share. Given a half decent market the stock might give a good account of itself. Earnings for the half year should be out about the end of this month. Expectations are that they will compare favorably with those for the like period last year.

* * *

Burns & Co. made the first mandatory interest payment on its 5% income bonds on July 1. By a plan of capital reorganization approved Mar. 29, 1934, one half of outstanding first mortgage bonds bore interest at 2% for 1934, 3½% for 1935, and 5% thereafter. The other half of the issue bore interest on a non-cumulative basis from Jan. 1, 1934, to Dec. 31, 1938, and after that date became obligatory. The company was unable to make payment on income bonds for 1938.

* * *

Oil Companies — A survey by a group of gasoline companies indicates that sales have fallen off 4% in Ontario since the gas tax was upped from 6 to 8 cents per gallon.

The figures check with those published in The Financial Post last week indicating that gasoline tax revenues of the province of Ontario have risen 26.6% under the new rate. Had there been no decrease in sales the increase should have been 33%. The difference is explained by the decrease in consumption.

* * *

Dominion-Scottish — This investment trust held 283 different securities at May 31, 1939. Of the portfolio, 7.96% was in bonds and debentures, 27.85% preference shares and stocks, and 64.19% ordinary and common shares. Canadian securities were 70.85% of the total, those of Great Britain and British dominions 4.51%, and U.S. 23.91%. Classified according to nature of undertaking, the portfolio compares with that of a year earlier as follows:

	1939 %	1938 %
Cash	1.01	0.18
Foreign Gov. and Municipal	0.72	0.68
Banks and Financial	5.31	5.66
Manufacturers	19.09	17.74
Foodstuffs and Beverages	10.55	11.11
Public Utilities	8.49	7.63
Gold Mining	8.17	6.72
Pulp and Paper	7.80	7.32
Base Metals	7.66	10.53
Oil	6.86	7.85
Engineering	5.30	4.20
Trading	4.31	5.24
Textile	4.21	4.19
Miscellaneous	2.70	2.70
Steel	2.25	2.00
Milling	2.17	2.29
Auto and Accessories	[illegible]	[illegible]
Railways, Steamships	0.81	0.48
Amusements	0.56	0.50
Electric and Rail. Equipment	0.10	1.55
	100.00	100.00

* * *

Bell Telephone — Considerable saving in interest charges should result from the company's plan to refund $30 millions of its bonds. A drop of 1% in the coupon rate, which is more than probable, would save the company $300,000 annually. This would add almost 40 cents a share to earnings on the capital stock.

* * *

Dominion Coal—Preferred stock has been giving a good account of itself in view of market conditions. Prospects of a substantially larger volume of business and higher earnings this year have strengthened confidence market-wise.

* * *

Lake of Woods — More than an average amount of speculative buying in the common stock on prospects of higher earnings over the past year. Nothing in sight for the common until the arrears of $3.50 on the preferred have been cleared up.

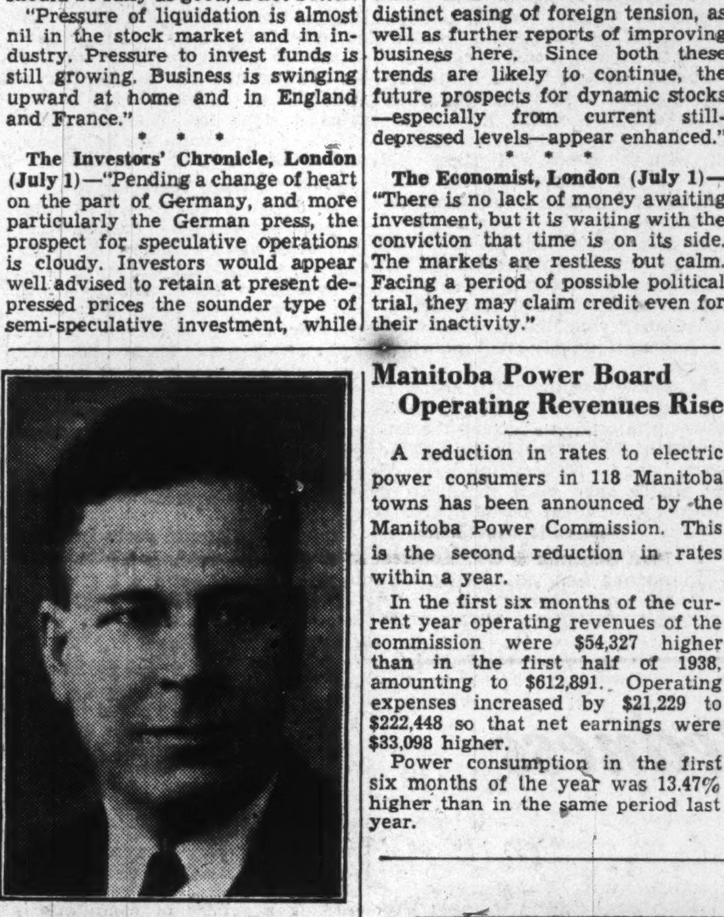
* * *

Abitibi—Not likely to be any major developments in connection with this company until H. J. Symington, head of the bondholders' committee returns from holidays at the end of this month.

Lewis Ord Is Satisfied With Bomber Progress

From Our Own Correspondent

MONTREAL.—Lewis C. Ord, general manager of Canadian Associated Aircraft Ltd., has left for England where he will consult with the British Air Ministry. He states satisfactory progress is being made with the manufacture of parts for the Handley-Page bombers which are to be assembled by Canadian Associated Aircraft.



SALES MANAGER

Bradford Ellison, who has been appointed general sales manager of E. B. Eddy Co. Mr. Ellison, who was vice-president and general manager of sales and advertising for Nestlé's Milk Products (Canada), succeeds J. F. Taylor, recently appointed vice-president of Eddy's.

Sorel Declared Bankrupt On Petition of Board

From Our Own Correspondent

MONTREAL.—City of Sorel has been declared in default by the Superior Court, following a petition filed by the Quebec Municipal Commission.

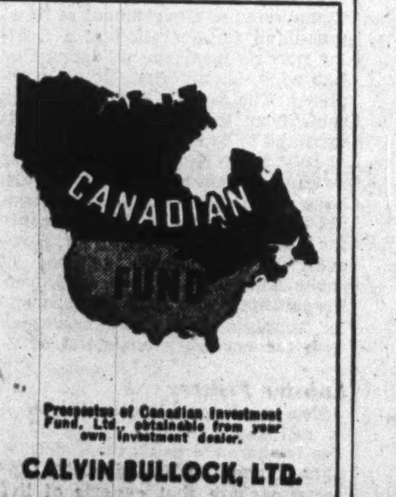
The judgment gives the Commission permission to take over the financial affairs of the City of Sorel which is now in the same position as many towns and municipalities in the province, particularly in the Lake St. John district.

The petition and decision came as a sequel to the failure of the city to meet obligations to the amount of $110,000 due on June 1. After the city had failed to meet the payment the Commission took up the matter and announced it would ask to take over the city's affairs.

Agnew Surpass Shoe Pays Extra on Common

From Our Own Correspondent

MONTREAL.—Directors of Agnew Surpass Shoe Stores have declared the regular semi-annual dividend of 30 cents a share on the common plus a bonus of 20 cents, both payable Sept. 1 to shareholders of record on Aug. 15. A similar extra dividend was paid a year ago.



Prospectus of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.

CALVIN BULLOCK, LTD.

Bell to Complete 15 Plants in 1938

New Buildings Part of $15 Millions Extension Plan

Staff Writer, The Financial Post

MONTREAL. — Total of 15 new Bell Telephone Co. buildings are scheduled to be completed this year. They form part of the $15 millions plant extension programme announced earlier in the year by P. A. McFarlane, vice-president in charge of operations.

Nine of the buildings are in Quebec, six at points in Ontario. Two of the Ontario buildings, at Hamilton and Peterborough, were commenced last year and recently completed.

To be started this year, but finished during 1940, are buildings at London and Kitchener, while construction of a new building at Sudbury probably will be commenced early next year.

Hodgson and Co. Issues Review of Listed Stocks

From Our Own Correspondent

MONTREAL.—C. J. Hodgson & Co., members of the Montreal Stock Exchange, have just published their sixteenth edition of "Statistical Review of Canadian Securities" revised on June 30, 1939.

This survey includes all stocks listed on the Montreal Stock Exchange and Montreal Curb Market. It gives particulars as to capitalization, shares outstanding, dividend rates, earnings, price range, current assets and working capital ratio.

Montreal Tramways Co. Traffic Moves Forward

From Our Own Correspondent

MONTREAL.—Volume of traffic handled by the Montreal Tramways Co. for the second quarter of 1939 showed a slight improvement over the like period a year ago. For the three months ended last June, the company handled 52,400,219 passengers, as against 51,754,718 in the same quarter of 1938.

As a result of the gain, the cumulative total to June 30 showed a reduction of only .41%, against a reduction for the first quarter of 1.96%. For the half year the company carried 106,649,033 passengers, as against 107,086,665 at the end of June, 1938.

Inter City Baking Declares Dividend

From Our Own Correspondent

MONTREAL.—Inter-City Baking Co., which is controlled by Lake of the Woods Milling Co., has declared an interim dividend of $1.50 share on its common stock, payable July 31, to shareholders of record July 15.

This is 25 cents a share more than was paid a year ago. The last previous payment was $1.75 a share paid in December last.

Earnings of the company in the first five months of the current fiscal year are reported to have shown improvement over the same period of 1938. Earnings in the year ended Jan. 31 last were equivalent to $6.16 a share on the common stock.

Manitoba Power Board Operating Revenues Rise

A reduction in rates to electric power consumers in 118 Manitoba towns has been announced by the Manitoba Power Commission. This is the second reduction in rates within a year.

In the first six months of the current year operating revenues of the commission were $54,327 higher than in the first half of 1938, amounting to $612,891. Operating expenses increased by $21,229 to $222,448 so that net earnings were $33,098 higher.

Power consumption in the first six months of the year was 13.47% higher than in the same period last year.

C. N. R. to Operate Bus Route in Quebec

From Our Own Correspondent

MONTREAL.—Canadian National Transportation Ltd., a subsidiary of Canadian National Railways, has been authorized by the Quebec Transportation and Communication Board, to operate a bus service between Victoriaville and Drummondville. The bus service will supplement rail service in that section of the province.

Great Lakes Power Company, Limited

5% General (Closed) Mortgage Sinking Fund Bonds

Due June 1st, 1957

Denominations: $1,000 and $500.

Price: 98 and accrued interest, yielding 5.17%

Established in 1916, the enterprise now operated by Great Lakes Power Company, Limited has a long and favourable record of operations.

Earnings of the Company in 1938, after deducting first mortgage bond interest and depreciation, amounted to $360,672, and on the same basis average annual earnings for the last seven years amounted to $338,842. Annual interest requirements of this issue will amount to $100,000.

Descriptive circular will be furnished upon request.

Wood, Gundy & Company Limited

Toronto Montreal London, Eng. / Ottawa Hamilton / Winnipeg Vancouver London, Ont.

District of Oak Bay, B.C.

District of Oak Bay, B.C., has sold to Gillespie, Hart & Co. $26,000 of 4% 10-year debentures and $1,500 4% 5-year debentures.

56 YEARS of Service to Investors

HANSON BROS.

INCORPORATED

Established 1883

255 St. James St. W. MONTREAL

OTTAWA TORONTO

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

Position Wanted

PRODUCTION MANAGER IN PAPER Mill at present engaged desires change for better opportunities, would consider an association with manufacturer or converter where a knowledge of paper would be of some value, paper mills not excepted, broad practical experience and intimate knowledge of office routine and claims investigator. Will arrange direct references and interview if desired. Box No. 149, The Financial Post, Toronto, Ont.

Position Wanted

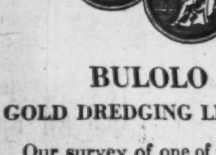
WOMAN EXECUTIVE, FIFTEEN years unusual business experience in Credit, Research, Advertising, B. A. degree majoring in Psychology, Economics, ex-officio editor of New York City woman's club paper, the "Reflector," much travelled, interested in opening for Social Secretary or in specialized office position anywhere in Canada. Box 162, The Financial Post, Toronto, Ont.

Position Wanted

YOUNG BUSINESS EXECUTIVE. Fifteen years practical training and experience in various lines. Ten years in managing and executive capacity. At present employed as assistant manager by firm conducting a wholesale and retail business. Desire more attractive position offering greater opportunity. Will work in any capacity and go anywhere. The Financial Post, Box 153, Toronto.

Young Man Wanted

CLERICAL OPENING IN HEAD OFFICE Agency Department of Life Insurance Company outside Toronto for young man with insurance experience preferably as cashier or in field. As opportunity will eventually lead to agency officer's position, applicant must have educational background and ability to edit agency papers and prepare literature. Excellent chance for young man, but must have qualifications. Apply Box 160, The Financial Post, Toronto, Ont.



BULOLO GOLD DREDGING LIMITED

Our survey of one of world's outstanding placer operations has been revised to include new data. Copy on request.

Ask for survey P15

Greenshields & Co

Members Montreal Stock Exchange Montreal Curb Market

507 Place d'Armes, Montreal

TORONTO OTTAWA QUEBEC SHERBROOKE

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	53.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
Weekly Figures:												
June 1	114.6	12.4	79.7	167.3	56.0	178.8	123.6	129.3	61.6	84.1	44.0	99.6
June 8	113.2	12.7	78.4	159.6	56.7	179.7	125.6	131.7	62.0	84.9	44.6	99.0
June 15	114.9	[illegible]	78.9	153.2	55.6	179.1	126.2	130.7	61.7	85.0	44.0	97.5
June 22	115.5	12.1	77.5	150.7	54.5	179.4	125.2	128.4	60.8	85.0	43.6	96.4
June 29	113.7	[illegible]	74.8	151.0	57.5	178.3	122.0	124.2	59.1	85.2	42.5	94.9
July 6	112.8	[illegible]	72.5	149.0	56.4	180.4	122.6	123.7	58.3	84.8	42.1	94.0

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
July 11	111.09	120.86	87.22	27.75
July 10	110.65	120.06	86.67	27.80
July 8	110.87	119.97	86.16	27.75
July 7	111.59	119.79	86.55	27.84
July 6	111.27	119.42	86.59	27.86
July 5	110.76	119.34	85.53	27.89
Month ago	114.56	123.26	89.57	30.97
Year ago	121.68	119.13	89.63	36.15
High, 1939	125.92	128.95	101.27	45.00
Low, 1939	102.52	109.85	80.75	27.66

Montreal Stock Exchange Averages

	10 Utl.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
July 11	64.5	69.8	68.0	64.57	111.24
July 10	65.1	69.4	68.0	63.98	109.50
July 8	64.6	69.5	67.9	63.86	109.06
July 7	64.8	69.7	68.1	63.98	110.17
July 6	64.3	69.6	67.8	64.24	108.91
July 5	65.3	69.3	67.8	63.92	109.49
Month ago	66.6	72.8	70.8	73.80	112.10
Year ago	67.7	81.7	77.1	138.29	120.96
High, 1939	70.1	85.0	79.1	119.77	126.48
Low, 1939	60.4	66.5	65.4	62.09	103.86

INVESTMENT SECURITIES

NESBITT, THOMSON & COMPANY, LIMITED

355 St. James Street West, Montreal

Branches in the principal cities of Canada

If you are paying for Electricity or Gas---

THIS GOVERNMENT SEAL ON METERS

is for your protection

THE Dominion of Canada was the first country in the world to adopt a complete system of national inspection and control of electricity and gas meters used for establishing a charge.

The division of government that pioneered this service is the Electricity and Gas Inspection Branch of the Department of Trade and Commerce. The act authorizing inspection and control came into effect for gas, in 1875; and for electricity, in 1894.

APPROVED — INSPECTED — SEALED!

The Electricity and Gas Inspection Acts provide that, before being installed for the purpose of establishing a charge, each type of meter must be first approved. Then every meter must be tested for accuracy and upon passing tests shall be sealed by the government so that it cannot be opened or tampered with. After six years in service every meter must be re-inspected and re-sealed.

METER INSPECTION FROM COAST TO COAST

There are 20 offices maintained throughout Canada by the Government for the Electricity and Gas Inspection Service. These offices are supported by a main laboratory at Ottawa and two divisional laboratories in Winnipeg and Vancouver, also by a complete engineering service at Toronto for the design, construction and erection of equipment. Approximately 100 inspectors are necessary to adequately service every part of Canada where meters are used. Every meter in use must have the government seal. This red wax seal is the guarantee of the Department of Trade and Commerce that the meter was approved as to type; inspected for accuracy, then closed and sealed. No meter can be installed until inspected by a government officer and all meters must be re-tested every six years to verify their accuracy. You may seldom see this seal on your meter, but it is there as the symbol of a protective and progressive service.

THE GOVERNMENT KEEPS A RECORD OF EVERY METER

There were 2,658,317 meters in use in Canada for electricity, manufactured gas and natural gas, at March 31, 1939. Each meter is numbered. Its history and location are recorded in government files. The 20 offices of the Electricity and Gas Inspection Service have every meter under control.

SUPERVISION PROMOTES CONFIDENCE

The person who buys electricity or gas, and the contractor who sells the same, are both protected by the Electricity and Gas Inspection Acts. The Electricity and Gas Inspection Service is administered by the Department of Trade and Commerce. It is one of several government services inaugurated to keep under control the comparatively newer industrial developments of modern civilization.

ELECTRICITY AND GAS INSPECTION SERVICES

DEPARTMENT OF TRADE AND COMMERCE

HON. W. D. EULER, M.P., Minister
J. G. PARMELEE, Deputy Minister

Bond Markets

New Period of Tension Seen Ahead of Markets

Signs Indicate That European Politics Headed Toward Critical Phase—Influx of Foreign Capital Supports Interest Rates

Threats of war still remain the most potent factor influencing the course of the bond market.

During minor fluctuations of prices in the past few weeks highest grade obligations remained comparatively undisturbed. Over the last year prices have risen and fallen on waves of confidence and fright over the war situation. Domestic developments had little effect on the course of the market.

Signs that Europe is again entering a sustained period of tension were evident during the week. Britain's unequivocal guarantee of Polish independence definitely prescribed the line over which Germany cannot step without bringing on war. Observers generally agree that Europe is approaching a most critical phase.

* * *

Threats Ahead

This troubled period ahead brings more perplexities to the already harassed bond investor.

While threats of war have shaken the confidence of investors on this side of the Atlantic they have also increased the surplus of funds seeking investment by driving funds from Europe to North America. Much of this money cannot be considered "hot," because it is likely to remain here for an indefinite period.

Nor can the majority of the money deposited here find its way into more speculative enterprise. It is meant for investment in highest grade securities obtainable. Purely local capital is more likely to find its way into new enterprise than this money.

Threats of war have thus added to the surplus of funds and have shaken confidence in all but the highest grade investments.

* * *

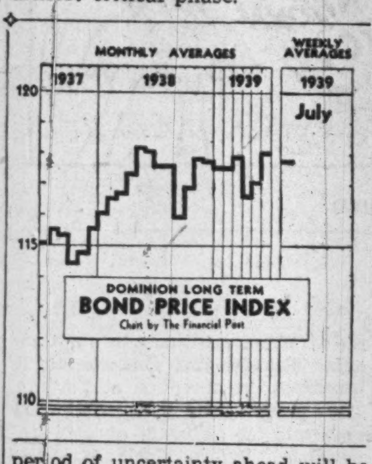
Short Terms Preferred

If Europe passes through this critical period, factors at work on this continent point to a measure of business prosperity. It is believed that a substantial revival of business would result in a depressing of prices and a raising of interest rates. There is a strong possibility that the period of uncertainty ahead will be a protracted affair and that no immediate change may be expected.

If, on the other hand, hostilities actually begin, it is reasonable to assume that a tremendous demand for funds will be created, and that rates could not be maintained at their present low levels.

Large institutional investors with these facts in mind are restricting investment as much as possible to high grade bonds of short maturities.

There is also a tendency on the part of investors to discount oft-repeated cries of "wolf, wolf." Brokers are looking for scare headlines for many months to come and see a diminished effect in each successive scare.



* * *

Bond Index

Bond markets continued to display strength during the week, with Dominion long-term issues rising. Provincial issues generally followed the lead of the senior obligations. Only Alberta bonds were slightly lower.

* * *

DOMINION OF CANADA
Long-term Index

	Weekly average June 30-July 6	Preceding week June 23-29	Weekly average year ago
Price	117.7	118.1	118.2
Yield	60.5	59.9	61.7

C.N.R. Sells Trust Notes

$6.5 Millions Equipment Notes Taken Up by Syndicate

From Our Own Correspondent

MONTREAL.—Canadian National Railways equipment trust certificates to an amount of $6.5 millions have been awarded to a syndicate composed of Wood, Gundy & Co., the Royal Bank, Bank of Nova Scotia, and Banque Canadienne Nationale. The certificates are being offered on a 2.34% yield basis.

The new issue carries 2½% coupon and matures $650,000 in each year from July 1, 1940, to July 1, 1949. They are issued under the Philadelphia plan, which provides that ownership of the equipment remain with the trustee on behalf of the subscription holders until the certificates are redeemed.

Proceeds of the issue will be used by the Canadian National to pay for new all steel rolling stock, ordered some months ago, at a cost of $8,780,000. The company will provide $2,280,000 in cash, or 25% of the cost of the equipment, in addition to the proceeds of the issue.

The certificates are unconditionally guaranteed as to principal and interest by the Canadian National Railways system.

Under the provisions of the statutes of Canada relating to railway companies, the rentals payable by all railway companies under lease of equipment rank as a working expenditure of a railway company and constitute a claim against a railway company's earnings prior to principal and interest of all its mortgage debt.

AUTO SALES OFFICIALS —

Appointment has been announced of C. R. Gall (left) as general sales manager of Hudson Motors of Canada Ltd.; Murray P. Biggar (centre) as assistant general sales manager; and Glen Bannerman (right) as head of the advertising and merchandising department. All are well known in Canadian automotive circles.

Ottawa Moves Against Paperboard Companies

From Our Own Correspondent

OTTAWA.—Creating a precedent with wide implications, the Dominion Government has initiated combine proceedings against manufacturers of paperboard shipping containers and related products.

This industry was probed by F. A. McGregor, commissioner under the Combines Investigation Act, and his report asserted a combine exists. The report was forwarded to the Attorney-General of Ontario. But the decision at Toronto was against prosecution, on the ground that the alleged combine operates in more than one province and that a prosecution will entail long drawn out and costly proceedings.

Immediately upon receipt of this decision the Dominion Government undertook the prosecution, appointing J. C. McRuer, K.C., to take charge of the case.

This is the first time the Dominion Government has taken this kind of action. The Dominion has prosecuted in the past but invariably upon the request of one or more of the provinces.

Steel of Canada Pays $459,252 to Sinking Fund

From Our Own Correspondent

MONTREAL.—Steel Company of Canada has paid to the Royal Trust Co. $459,252 to be applied to the purchase of bonds for retirement. Accordingly the trustee has asked the bondholders to submit offers not later than Aug. 1.

At the end of July last year the company had outstanding $3,018,757 of 6% first mortgage bonds. As these bonds are selling at a premium, the amount to be retired by the current sinking fund payment will be somewhat less than the principal sum involved.

University Tower Corp. Bond Exchange Nears

From Our Own Correspondent

MONTREAL. — Bondholders of the University Tower Corp. will shortly exchange their securities on the basis of the reorganization plan approved last April.

Holders of the 6½% convertible sinking fund general mortgage bonds will receive for each $1,000 principal amount, $400 principal amount of new bonds and 70 shares of common stock.

Bond Sales

Town of Elora, Ont.

W. C. Pitfield & Co. has purchased $12,000 of 4% 20-installment bonds of the town of Elora, Ont. Price for the issue was 106.85, representing a cost basis of approximately 3.25%.

The following bids were received by the town:

W. C. Pitfield & Co.	106.85
Seagram, Harris & Bricker	106.80
R. A. Daly & Co.	105.78
Matthews & Co.	103.635
Bell, Gouinlock & Co.	103.57

* * *

Sisters of Providence

Paul Gonthier & Co., Montreal investment firm, is making a public offering of $150,000 of 3½% serial debentures of the Sisters of Providence, Montreal.

The bonds are dated July 1, 1939, and mature July 1, 1940 to 1959. The offering price varies with maturity dates. The issue is secured as to principal and interest by grants from the Public Charities Fund of the Quebec Government.

Proceeds will be applied on the cost of constructing a $500,000 addition to St. Joseph Hospital, Three Rivers, Que. The estimated value of the hospital altogether will be $1,338,000. The older part of the hospital is to be converted into a home for the aged at a later date.

* * *

Streetsville, Ont.

Harris, Mackeen, Goss & Co. has purchased $27,000 of 3½% 20-installment debentures of the Village of Streetsville, Ont. Price on the issue was 102.78, representing a cost basis of 3.20% and the debentures are dated July 15, 1939.

Other bids received were:

Hanson Bros. Inc.	101.91
J. L. Graham & Co.	101.74
Dyment, Anderson & Co.	101.70
R. A. Daly & Co.	101.52
Burns Bros. & Denton	101.42
Midland Securities Corp.	101.33
Fairclough & Co.	101.27
Seagram, Harris & Bricker	101.14
Matthews & Co.	101.11
C. H. Burgess & Co.	101.09
Harris, Ramsay & Co.	100.53
Bell, Gouinlock & Co.	99.00
F. M. Stewart & Co.	97.30

* * *

Stratford, Ont.

Stratford, Ont., has sold $100,000 of 3% installment debentures to Burns Bros & Denton at 99.6915. The issue is dated Aug. 1, 1939, and matures in 20 annual installments. Cost basis to the city is 3.03%.

Following is a list of bids submitted:

Burns Bros. & Denton	99.6915
Bell, Gouinlock & Co.	98.60
Fairclough & Co.	98.531
McLeod, Young, Weir & Co.	98.50
Harris, Ramsay & Co.; J. L. Graham & Co., option	98.50
Wood, Gundy & Co.	98.26
Seagram, Harris & Bricker	98.219
Mills, Spence & Co.	98.12
Royal Securities Corp.	97.89
Hanson Bros. Inc.	97.818
A. E. Ames & Co.	97.50
R. A. Daly & Co.	95.83

Bond Tenders

4 p.m., July 25, Sch. Trustees of Arvida, P.Q.—$68,000, 4% dated June 1, 1939, redeemable serially from June 1, 1941, to June 1, 1959. W. C. Scott, sec.-treas.

8 p.m., July 24, Catholic Sch. Com. of Mount Royal, P.Q.—$42,600, 4% dated June 1, 1939. M. L. Roy, sec.-treas.

5 p.m., July 24, Town of Beloeil, P.Q.—$13,000 3½ or 4% dated Mar. 1, 1939, redeemable from Mar. 1, 1940 to Mar. 1, 1959 for construction of sewer drain; $22,000, 3½ or 4% dated May 1, 1939, redeemable serially from May 1, 1940 to May 1, 1959, for consolidation of debt, construction of electric line and improvement of waterworks system. A. M. Cormier, sec.-treas.

10 a.m., July 24, Sherbrooke, P.Q.—$200,000, 3½% dated July 1, 1939, maturing in series from July 1, 1940 to July 1, 1955. Ant. Deslauriers, clerk.

Noon, July 20, Township of Ancaster—$2,398, 4% 10-year debentures; $2,012, 4% 15-year for installation of water mains. E. E. Lyons, clerk and treas.

July 13, Canada Treasury Bills—$30,000,000, dated July 14, maturing Oct. 13, 1939.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson ..	*5%	1952	Jan. 1 '40	105
Can. Nor. Pwr. .	†5%	1953	Aug. 1	101½
Dom. Tele. Secs.	‡5½%	1978	Aug. 2	100
Dom. Textile	4½%	1955	Sept. 1	105
Steel of Can. ...	6%	1940	Aug. 1	▲

For sinking fund purposes:
*All outstanding balance.
†$452,500. ‡$4,800.
▲Tenders have been invited to absorb the amount of $459,253.

Algoma Steel Shipping Ore

Sintering Plant to Operate By End of July—Arrange Ore Sale

The year just closed has been one of considerable change for Algoma Steel Corp. As shown by the income account, reviewed elsewhere in The Financial Post, sales declined about 20% with the result that net profits were down to less than half of the previous year's level.

Net additions to property account during the year ended April 30, 1939, were $2 millions. These included steel tanks for storage of four million gallons of fuel oil, the equipment of open hearth furnaces to use fuel oil with coke oven gas, installation of a plant to produce grinding balls for the mines and the completion of the sheet and tinplate mill.

Sir James Dunn, president, concludes that these developments "take your company into new markets, widen the range of operations, effect improvements in costs throughout your works and entitle your directors to expect a material increase in earnings during the next year."

Expect "Satisfactory Profit"

The new sintering plant to treat siderite ore from the New Helen Mine should be in regular operation by the end of July, it is stated. The mine is now shipping ore over the aerial tramway to the plant. Capacity of the first unit is 300,000 tons of sintered ore a year, giving 51.50% iron. Arrangements have been made to market 200,000 tons of treated ore on "satisfactory terms," leaving 100,000 tons for use in the company's furnaces. It is said that this mine could not have been developed without the assistance of the provincial bounty.

Since the present company began operations on May 4, 1935, it has spent $3.7 millions on the properties at Sault Ste. Marie, advanced $572,100 to Algoma Ore Properties to develop the New Helen Mine and sintering plant and increased working capital by $2.7 millions, according to the president.

Overheard in Northern Ontario

MAC: "Grub like we get on this job means a lot to a man!"

TOM: "You said it, Mac! I got nothing against old-time cooks in camps I been in, but give me grub like we get now."

CRAWLEY & McCRACKEN
COMPANY, LIMITED
MONTREAL

Municipal Annual

Pemberton & Son Vancouver Ltd., has issued its annual statistical review of British Columbia municipalities. This is the seventh annual survey of municipal statistics prepared by the company. The volume was edited by A. G. Osburn.

Division of WAGES and DIVIDENDS

Year ended March 31, 1939

- DOMINION TEXTILE CO. LIMITED manufactured 16.9 million dollars worth of goods.
- The cost of manufacturing and selling, excluding mill wages, was 11.7 million dollars.
- This left 5.2 million dollars, out of which the mill employees received in wages the sum of 4.7 million dollars.
- Balance remaining to shareholders, from operations, was .5 million or 2% of the value of their investment. To this amount was added approximately .5 million dollars income from investments.

Following are the figures:

GOODS MANUFACTURED WERE WORTH:		**$16,929,519.47**
COST OF MANUFACTURING AND SELLING THESE GOODS:		
Raw Materials, Dyestuffs and Chemicals	$6,502,109.99	
Supplies, Repairs, Coal, Oil, Power, Etc.	1,983,382.25	
Insurance, Depreciation, Interest and Discounts	1,830,059.63	
Selling Charges and General Expenses	560,090.82	
Administration and Pensions	385,641.41	
Taxes: Municipal, Provincial and Dominion Income Tax	413,723.15	**11,675,007.25**
Residue		**$ 5,254,512.22**
WAGES TO MILL EMPLOYEES		**4,674,617.47**
BALANCE FROM OPERATIONS		**$ 579,894.75**
Add Income from Investments (less Income Tax thereon)		**440,337.04**
AVAILABLE FOR DIVIDENDS TO SHAREHOLDERS		**$ 1,020,231.79**

TEXTILE DOMINION CO LTD

Dominion Textile Company Limited
MONTREAL, CANADA

Buy in July . . .
AND FIND SOME BRAND NEW FUN IN THE GOOD OLD SUMMERTIME

Illustrated—McLaughlin-Buick Special Sedan.

WHY let the heat slow you up — when this big eight's waiting to go places gloriously — when you can step out in front, style-wise and action-wise, for less money than you're asked for some sixes? Here's Dynaflash power to put some life in your travels, "visibility unlimited" to make sure you see the sights — and Buick's exclusive "full float" ride to let you take it easy when the roads get rough. See your McLaughlin-Buick dealer now—and make the rest of the summer one long, swell party!

IT'S THE BEAUTY! IT'S THE BUY!
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TORONTO, JULY 15, 1939

The Financial Post Editorial Platform for Canada

The duty of political leaders is to lead; to give direction to public opinion; to act with courage in matters of public policy; to combat inertia in the conduct of the nation's business.

The Financial Post stands for LEADERSHIP of this kind in Canada.

Such leadership is essential to preserve our free and democratic institutions. It is urgently needed, now, in Canada, in order to:

1. *Eliminate waste in public business.*
2. *Put idle resources of manpower and materials to work.*
3. *Maintain financial integrity in meeting public and private obligations.*
4. *Promote a spirit of national unity in place of conflicting sectional loyalties.*
5. *More efficiently organize Canada's trade.*

Getting Munitions Business

THERE is no doubt that a lot of munitions and armament business which should have been going to Canada from United Kingdom is going elsewhere. Business that might have come to Canada in past two years has gone to Sweden, Belgium, France, United States and even to Germany. Canada is three years late in preparations for handling business that has subsequently offered.

If Canada is to spend its own defense funds effectively, "co-operative" orders between Canada and Great Britain are essential.

The volume and nature of business which the Canadian Government can offer to Canadian manufacturers—even if the entire present defense programme were promptly and completely implemented — are quite inadequate to achieve Canadian rearmament without very high cost, both to industry and Government. If co-operative orders from Canadian and British Government sources were forthcoming the way might be cleared for economical and efficient production.

The best way to get this ball rolling is to invite a British mission to Canada as quickly as possible. The experience of the Great War and of the aircraft industry last year, proves the efficacy of this plan.

If there had been less pussyfooting and incompetence at Ottawa in respect of defense and munitions business this would have been done long ago.

Room for Industrial "Greeters"

THE Winnipeg Free Press is strongly of the opinion that if isolationist "pressure" groups are to be allowed to impede industrial migration to this country, we might just as well "shut up shop and pull the blinds down."

The Government is right in making sure that all of those who seek admission to this country should provide proof of bona fides. There are still questions about the present status and future plans of the Bata Shoe Co. which need clarification as far as the public is concerned.

Yet the basic and vital interest this country has in encouraging industrial migration at this time is sufficiently important to warrant sending an official Government mission to Europe to act as salesmen in attracting suitable and reputable groups to invest their brains and whatever capital resources they have in this country.

As the Free Press points out:

"Canada should stand in the front rank of greeters when it comes to getting new industries established. If our laws impede that movement, our laws should be rapidly changed. We should make it known that we offer fewer obstacles, and not more, than any other country; and we should move fast in doing it."

The Corps Plan Lesson

HON. NORMAN ROGERS, Minister of Labor, has rejected Canadian Corps Association plan of vocational camps for 50,000 unemployed youth. The reasons he gives are, first that its cost, calculated at about $50 millions yearly, made it "almost prohibitive"; second, that it involves "a degree of regimentation and type of institutional life not in keeping with Canadian traditions."

On both these counts the Corps plan was open to criticism.

Rightly or wrongly, majority of Canadians are not as yet in the frame of mind where they give easy approval to military regimentation of the sort envisaged by the Corps plan. The type of youth camp operated so successfully in the United States and South Africa is on a sounder basis in this respect.

As to cost the Corps camp plan would probably be even more prohibitive than the C.C.C. camps in United States. These latter camps have been successful in many ways, but the dollars and cents outlay both on capital account and for operating expense, weighs heavily against them in so far as Canada is concerned — especially if the expenditure merely postpones an inevitable day of reckoning, in so far as permanent opportunities for profitable employment are concerned.

But the important lesson of the Corps plan is that despite all its weaknesses it at least offered a definite line of action. Thousands of people and scores of organizations supported Corps plan, not because they were convinced it was wholly sound or practical, but because it was an attempt to "do something." They felt that anything which promised action at a time like this was all to the good.

Mr. Rogers, in defending the record of his labor department administration, points to the record of the Youth Training Programme and the farm placement plan as having assisted 168,000 youths. Both these projects to the extent they have been applied and implemented have been useful and constructive. But in many provinces these plans have failed entirely to capture the imagination and enthusiasm of the man in the street; have failed to enlist the co-operation of community organization and effort; have failed to come to grips with the cancerous sore of transient unemployed.

Because many people felt the Corps plan offered a solution along these lines they supported it. In rejecting it Mr. Rogers might well profit by the enthusiasm the plan engendered and devise if he can some practical alternative which will be socially and economically sound and will at the same time fire the imagination and enlist the co-operation of the individual communities and Canadians at large.

Holidays and Human Life

FROM the progressive St. Catharines Standard comes enthusiastic support for the idea that holidays such as Dominion Day should be fixed on the first Monday in July rather than float through the week with the vagaries of an obsolete calendar system.

Says the Standard:

"Just why Parliament should be obdurate against a commonsense change in national holiday observance is a mystery. Why hold fast to dates rather than improve the days? It was good business to always have the first Monday in September set aside as Labor Day, and the Government also sets a Monday for Thanksgiving Day.

"Of course, Christmas is in a different category. Neither loyalty nor reverence for national achievement in the past would be diminished one iota if the Canadian people took their holidays on the Monday rather than on the calendar date.

"If they can monkey around with the King's birthday and set almost any day necessary for its observance, we surely can change a national holiday in the Dominion to conform to the convenience and enjoyment of the people."

The lives of many Canadians would have been saved this year if Dominion Day had fallen on Monday (as it should) rather than being celebrated on Saturday.

The short week end meant that traffic congestion on this nation-wide holiday week end was the worst in years. Ontario, for example, reported an appalling traffic accident toll on its highways. Many of these accidents might never have occurred if a longer holiday had permitted some of the congestion to be thinned out rather than concentrated in a few hours on Sunday night.

That Curious 5% Clause

WE DO not envy the lot of the new Defense Purchasing Board, whose appointment is expected momentarily from Ottawa.

One of the major features of Bill 38, which created this Board, is the introduction of the curious 5% clause, which aims to limit profits on non-competitive defense orders. Not only is this particular clause impractical and uneconomic, it places in the hands of the Board personnel responsibilities in respect of Government contracts which are unwise and unnecessary. No one is entirely certain what the profits limitation means. Even the Purchasing Board will have to guess as to what it is intended to do.

The individual rulings of the Board will be the chief and possibly the determining factor in whether or not any manufacturer makes a profit or loss out of a particular contract. One party to the contract will be at the mercy of rulings made by the other party.

Furthermore, these rulings cannot be made in advance. When the contractor undertakes a contract, he cannot possibly know whether he is to make a profit or a loss.

To proclaim this part of the Defense Purchasing Board Act is to invite trouble. If the Government wished to ensure sound business methods and eliminate profiteering in munitions purchasing contracts it should have removed incompetent officials from the Department of Defense rather than use this very impractical and unsound device to hamstring the placing of non-competitive contracts.

The clause was introduced in response to public clamor against profits on war orders. But no one thought it enough. As a result it is impracticable. It may be a hindrance to our defense effort.

Memorials to Royalty

IN THE welcome accorded to the King and Queen throughout Canada there are few, if any, permanent structures which will remain to keep posterity informed of the triumphal progress of the royal couple. On earlier occasions when those of royal blood visited this country many permanent expressions of affection and loyalty were erected. Many of them remain to this day to record the form and the spirit of the welcome. One such is the magnificent arch erected by Pacific Coast lumbermen in Vancouver and now standing in Stanley Park.

One reason for this omission was the official ruling against asking Their Majesties to unveil plaques, etc., a ruling which Montreal ignored, by the way. Another was uncertainty which surrounded the royal visit. The fear and uneasiness in Europe made many communities hesitant about spending money until they were quite sure the royal couple were actually coming. By that time there was little opportunity for doing more than erect temporary decorations and arches of welcome.

Yet another reason was the difference in attitude toward royalty as compared with 20 or 40 years ago. In those days Canadians had much closer blood ties with the Motherland and the royal family. In addition to intense loyalty, there was also a deep and personal affection for the sovereign and his or her immediate family.

Today, while no one doubted seriously the inherent loyalty of Canadians to the Crown, there was not until the King and Queen actually arrived the same personal interest and affection. One of the most striking results of the tour has been the manner in which this quiescent loyalty has been transformed into a deep, personal affection. It is probably true that there are today in Canada more people with an affection for the King and Queen in their hearts than at any time in Canadian history.

It would be most fitting if communities in Canada which have responded so magnificently to the royal visit were to commemorate in some permanent form this historic event. When public affection and enthusiasm have been expressed so generously, the erection of some visible token in honor of the event would be extremely fitting. In so doing each community would be creating a permanent reminder of the spirit of unity and allegiance to common ideals which is so greatly needed in Canada and which has been so strikingly evident in the past few weeks.

Need Special Favors

UNDER Ontario law certain damage claims against a municipality must be tried without a jury. Included are all claims such as for injuries suffered from the negligence of the public body.

The legislation had its beginnings in the practice of juries of regarding towns and cities as fair game and of awarding excessive damages for minor injuries.

At the last session of the Legislature, municipally owned utility enterprises were added to the list of defendants allowed to contest such actions before a judge only and without a jury.

It has been explained that it was Toronto's city-owned street railway that wanted the change. The Toronto Transportation Commission has found that juries were unduly sympathetic to aggrieved persons. It has suffered from actions pressed by ambulance-chasing lawyers able to play upon the sympathies of juries.

We are unaware that any legislature has yet sought to grant the same protection to privately owned utility corporations. They still remain the prey of juries.

The Labour Review, of Ottawa, makes fair comment on this situation when it says:

"If it is unfair that a publicly owned enterprise should suffer as a result of the weakness of the jury system, it is obviously just as unfair that any private concern, performing a comparable function, should be left subject to the vagaries of that system. The incident goes to show that in spite of all efforts to establish publicly-owned enterprises on an autonomous basis they remain identified with the state which owns them. Even without special legislation they are in an enviable position, shielded from the pricks while enjoying the bounty of a free economy, but the tendency everywhere is to accord them the still greater measure of protection which apparently they need in order to carry on at all."

Editorials in Brief

Another Impediment to marriage, says the Wall Street Journal, is the increasing difficulty in supporting the government and a wife on one income.

* * *

Officials of Canadian Associated Aircraft feel that a recent article in The Post may have given the impression that Lewis C. Ord, general manager of the company, in his recent address before the Canadian Manufacturers' Association, voiced public criticism of the Government's 5% profits limitation on defense orders. They point out that Mr. Ord has expressed no opinion on that legislation.

The Post article quoted opinions that have been widely expressed to it in aircraft manufacturing circles but it did not attribute them to Mr. Ord. They were not part of Mr. Ord's speech.

* * *

Convocation Exercises at University of Western Ontario a few weeks ago brought together two old friends, Sir William Mulock and Dr. Harcourt Morgan in a most unusual way. They met on the same academic platform on the same day of the same month as they last met exactly 50 years ago. A unique record in academic history!

Sir William as vice-chancellor of the University of Toronto, on June 7, 1889, hooded Dr. Morgan for his degree of Bachelor of Science in Agriculture.

Dr. Morgan has had a notable career in the United States, largely in Tennessee, where he was president of the University from 1919 to 1933. He is now chairman of the huge Tennessee Valley Authority new deal project. He was born in Strathroy, Ont.

Sayings of the Week . . .

"Canada has ample opportunity within itself for development."—*John Foster Dulles.*

* * *

"In our own day we appear to face a leaderless, disorganized, shrinking world."—*Professor W. A. Mackintosh.*

* * *

"If we can solve the far-Eastern question I am sure we can solve the European question."—*Sir George Paish.*

* * *

"The reason why at this juncture the dictators have so great an advantage is that they can at least produce efficiency even though it is in the wrong cause."—*Dr. Nicholas Murray Butler.*

* * *

"We Canadians are easily seduced. An Englishman with a title can seduce nine out of ten of us within five minutes after the first meeting."—*Professor A. R. Lower, University of Manitoba.*

* * *

"We Canadians, like other nations coming of the same stocks, are a proud people and we expect our pride to be respected."—*C. P. Stacey, Assistant Professor of History, Princeton University.*

* * *

"The defeatism which exaggerates the advantages of the German system as an argument for doing nothing is as unjustified as the complacency which expects an internal combustion in Nazi Germany."—*Thomas Balogh.*

* * *

"When I compare the state of our armed forces and our ability to resist attack as it is today with what it was only a year ago, I feel we can face the future with calm confidence in our growing strength."—*Prime Minister Chamberlain.*

* * *

"One way out of our present depression is to rely upon the present generation of young Henry Fords. To give them freedom to function and expand, to free them from hampering restrictions and regulations, might be a better policy of government than a $3 billions public works programme."—*Mark Sullivan.*

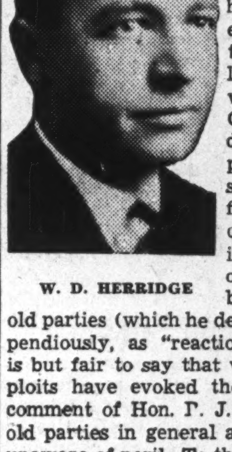
—Cartoon by Grassick.

MORE FIRE, NOT MORE COOKS, NEEDED

Post-Scripts . . .

The "New" Democrat

While Maj. William Duncan Herridge puffs his hardest in Saskatchewan to ignite a roaring prairie fire, it may be of interest to re-tell his story.



W. D. HERRIDGE

Maj. Herridge lights his matches and distends his lungs in full view of all Canada. His declared purpose is to start such a fire as will consume in one glorious holocaust both of the old parties (which he describes, compendiously, as "reaction"). And it is but fair to say that while his exploits have evoked the embittered comment of Hon. R. J. Manion, the old parties in general are sublimely unaware of peril. To the old parties, Mr. Herridge is just another hot weather story—a streamer on the front pages. His speeches are as a tale, full of sound and fury, signifying nothing.

As will be made plain, Dr. Manion's broadside was not occasioned by any fear that New Democracy is a real factor in the coming general election. It was an utterance which most Conservatives have long regarded as being overdue. For the Conservative party regards Mr. Herridge as one of the most gifted "porch climbers" of all time. He kidnapped Mr. Bennett. He bagged one of the choicest gems in the party showcase—the Washington legation. He had the supreme temerity to try to bag the leadership. And having failed and being without gratitude, he turned upon the party which, grudgingly, had made him and now makes of it the butt for his jibes and sneers. This was the feeling which was expressed by Dr. Manion the other day at Ottawa.

Notwithstanding all that Mr. Herridge says, the two old parties are sincerely unharassed by fear of New Democracy. They have not even reached the stage of Asquith when he complained to a friend that the activities of the suffragettes were putting him off his longer putts.

The old parties have seen new parties rise—and fall—while they went on their way alternatively triumphant.

* * *

It seems a long time since the spring of 1931 when like twin claps of thunder came the announcements of Mr. Herridge's appointment to Washington and his impending marriage to the prime minister's sister. He was then 43 years old. Although minister to Washington, Mr. Herridge spent more time at Ottawa than in his legation. He became the confidant and adviser of the prime minister; the man who knew more about what was going to happen than members of the cabinet or the party Old Guard. As one of the Old Guard put it, Mr. Herridge enlisted in the party as a field marshal, but whether he wielded his own baton or whether he was using one of Mr. Bennett's spare ones, nobody pretended to know. The present campaign, perhaps, will answer that question.

On the record, Mr. Herridge's fidelity to New Democracy may be a matter of months rather than years. He began, after graduating from Toronto and Osgoode Hall, as a Liberal. The Kings and the Herridges were the closest of friends. But he split with Mackenzie King on the constitutional issue of 1926, when he chose to back Lord Byng. And from there he drifted into the Conservative party, largely, it was thought at the time, in search of a club with which to beat his erstwhile friend.

Yet Mr. Herridge as a public man of prominence dates from an accidental meeting with Mr. Bennett. Mr. Herridge was one of a number of Ottawa lawyers who took the train in 1930 (before the election) to Montreal to attend the funeral of Eugene Lafleur, K.C. On the train he met and talked with Mr. Bennett—and the pact between them was sealed. Mr. Herridge joined the Bennett entourage in the election campaign and, as stated, he later was appointed to Washington and married Miss Mildred Bennett.

Reading Mr. Herridge's speeches, it is easy to gauge the contribution he made to his former chief. There is an amazing resemblance between the language of Mr. Herridge today and the New Deal broadcasts of Mr. Bennett. All the Herridge talent for phrase making was in Mr. Bennett's speeches, sharpened and supported by Mr. Bennett's clarity of mind.

Things were different then with Mr. Herridge. Today he damns the old parties. Then he could speak (Dec. 15, 1934) of the "phenomenal" economic improvement in Canada, and bear witness to the "fine leadership and noble constancy" afforded by one of the old parties. The great menace, in 1934, was not reaction as personified by the Old Parties, but the Economic System. "Had I the power," declaimed Mr. Herridge, in those palmy days when Mr. Bennett's writ still ran, "I would throw over our economic system in a flash."

"When I speak of the Old Parties," says Mr. Herridge in 1939, "I mean ......the high command." He is supremely forgetful that only a year or two ago his own pennant fluttered from the bastions of one of the old parties.

* * *

But if Mr. Herridge takes foremost rank as a phrase-maker, all comparison with Mr. Bennett or others of the old party leaders stops at that point. Mr. Herridge in action is utterly dissimilar from Mr. Bennett. One gets the picture of a doleful middle aged man reading a manuscript with the aid of tortoise shell glasses, poring over his script and releasing howitzer shells as if they were the merest squibs.

But the phrases remain. They sting the old parties, but much in the fashion of Dr. Johnson's horse and the gnat. "A gnat," Dr. Johnson once remarked, "may sting a horse, but a horse is still a horse and a gnat a gnat."

Mr. Herridge speaks in words of inspired nonsense. His phrases glitter and gleam but when examined carefully are empty of meaning.

Listen to him:

"The truth is what we want, and action to defend it."

"Patriotism becomes a full-time job."

"We must put away all the signs and symbols of immaturity, and boldly play the part which comes to us to play."

"Bedlam is never far away" (possibly a boomerang).

"We are as flotsam and jetsam in the stream."

"Revolt against the status quo."

"Put Democracy on an operating basis."

"Victory lies in union. Reaction knows that and struggles to divide us."

* * *

So far as one can gather, Mr. Herridge wants to:

1. Give the Canadian people security.
2. Establish the principles of democracy.
3. Give labor fair play.
4. Change the monetary system.
5. Aid exports.
6. Fix minimum prices and wages.

And so on. Perhaps the best clue to what Mr. Herridge really wants to do is given by his union with Premier Aberhart and Social Credit —if indeed, Social Credit is one whit more understandable than New Democracy.

* * *

Profound Thought

We often wonder what the presiding officer at a corporation's annual meeting actually thinks when he makes his address to the shareholders. Many take their job quite seriously and provide their listeners with a first class summary of a company's position. Others regard the task as a necessary evil and gallop through their remarks like a work horse rushing for the oat bin.

Among those who are doing a better than average job of making the annual meeting mean something we would include G. Blair Gordon, managing director of Dominion Textile Company. We feel quite certain that some careless linotype operator mispresented him when he set up this sentence in a Montreal paper:

"Referring to competition from abroad, Mr. Gordon stated that with the exception of the United States the Dominion Textile Company paid higher wages than Lom dam dom dam dam dnh dah....

* * *

Our "English" Announcers

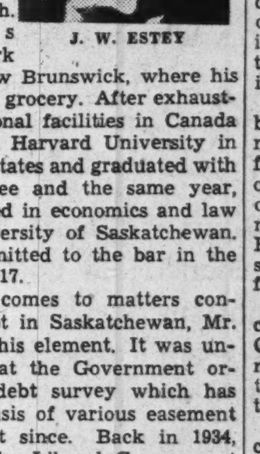
The King and Queen have returned home, but the "little" stories about their visit continue to circulate. An amusing one has to do with the arrangements made by the Canadian Broadcasting Commission to broadcast the reception at Toronto. The preparations naturally were elaborate for an event of such importance. Before Their Majesties arrived there was some talk of these preparations and it was even suggested that announcers would be brought out from England. Gladstone Murray and confreres frowned on any suggestion that the C.B.C. could not handle the job.

But when the Toronto reception was broadcast by an announcer with a pronounced Oxford accent, the suspicions of more than one listener were confirmed. Letters poured into the C.B.C. complaining of the importation of the "English" announcer. "Did we not have Canadians who do just as good a job?" So the complaints went. They went unanswered for the C.B.C. was in an awkward box in that it did not want to admit that it had brought a French-Canadian announcer from Quebec City to broadcast the Toronto reception in English!

* * *

Saskatchewan's Estey

Before entering the political arena, Hon. J. W. Estey, Minister of Education and Attorney-general of Saskatchewan, was one of Saskatoon's foremost lawyers. He tried for the provincial house in 1929, but went under when the Anderson Co-operative Government was elected. In 1934 he was swept in on the Liberal wave and had no difficulty in the 1938 election. Recently he was named Attorney-general as successor to Hon. T. C. Davis, now elevated to the Bench.



J. W. ESTEY

He was born in York County, New Brunswick, where his father ran a grocery. After exhausting educational facilities in Canada he attended Harvard University in the United States and graduated with a law degree and the same year, 1915, lectured in economics and law at the University of Saskatchewan. He was admitted to the bar in the spring of 1917.

When it comes to matters concerning debt in Saskatchewan, Mr. Estey is in his element. It was under him that the Government organized a debt survey which has been the basis of various easement arrangement since. Back in 1934, just after the Liberal Government was returned to office after being in opposition for five years, Mr. Estey was a member of a cabinet that burned midnight oil striving to find out what made the wheels stop where Saskatchewan private and public debt was concerned. Various volumes crammed with statistics can be breezed through casually in a few moments, but they do not tell the story of the hard, hard work that was done under Mr. Estey's supervision—to tell the story as it has since been told to the Rowell Commission and others interested.

* * *

Massey as an Editor

The high commissioner for Canada in London, Hon. Vincent Massey, was for a brief hour in his career a newspaperman. So reports A. C. Cummings, London correspondent of the Southam newspapers.

Mr. Massey confessed as much when he spoke at a Newspaper Press Fund dinner.

"I confess," said Mr. Massey, "that I approach the newspaper world with appropriate humility. My own career as an amateur journalist was brief and poignant. I once edited an undergraduate journal which died of pernicious financial anaemia, and later was editor of another at Oxford which expired from acute congestion of the editorial column."

Stop Me If . . .

Son—Pop, I wish you would help me with this problem.

Pop—Can't, son. It wouldn't be right.

Son—Maybe not; but you could try.

In the Mail . . .

British Industry Today

Editor, The Financial Post:

Having just returned from Canada and the United States of America, I am impressed with the fact that those who import goods from Great Britain have not fully realized that a tremendous revolution has taken place in our productive plants since 1918.

There is no doubt that the difficult years after 1929 were made use of by the manufacturers of Great Britain in buying new plant, scrapping old and obsolete plant, and definitely applying scientific and industrial research to their methods of production. The result of this is that we are today able to produce almost in every branch of industry more goods of a higher quality than ever before, so much so that even with the stress in some directions of rearmament we have no difficulty at all in supplying our export trade with what it requires promptly and in consequence there is no reason why long term contracts cannot be entered into with confidence.

The British Government recognizes fully that the export trade of this country is its life-blood and it is the only way in which we can pay for foodstuffs and raw materials and, in consequence, gives every encouragement to the exporter.

There are difficulties in the way as to quotas, tariffs and licenses abroad, but these are not the making of the British Government and have become one of the normal obstacles which those who export expect to encounter and patiently overcome.

The whole of British industry is in a confident mood and ready to expand its export trade and this could only be done, I am convinced, by principals going abroad and seeing for themselves, as they are doing in increasing numbers, what the real requirements of the various buyers are, what competition they have to face, and then coming back and laying themselves out to give complete satisfaction in price, quality and delivery.

If only we could get confidence back into the world I believe we are on the verge of a tremendous improvement in international trade. The lack of confidence has prevented this from taking place and giving that improvement in the standard of living to the people of the various countries to which they are entitled and look forward and which, in many cases, is long overdue.

RIVERDALE,
Capital Steel Works,
Sheffield, Eng.

Editor's Note: To some Canadians, Lord Riverdale, the eminent British steel maker, may be better known as Sir Arthur Balfour, his former title.

Task for Canada

Editor, The Financial Post:

That was a splendid editorial in The Financial Post of June 24 under the heading: "Let's Roll Up Our Sleeves."

Unquestionably the recent visit of Their Majesties and the feelings to which it gave rise in Canada have created a unique opportunity for constructive action of a permanent nature.

What better form could this take than the correction of those weaknesses and inequalities in our Dominion-Provincial setup that today are militating against Canadian unity?

For the past two years these have been a subject of investigation and study by a Royal Commission. It is most fortunate that this Commission's report is to be ready this month, so soon after the visit of Their Majesties.

It should be given wide publicity the moment it is ready. It should be studied definitely and thoroughly by every loyal Canadian. A concerted effort should be made at once to crystallize public opinion in favor of such of its recommendations as are sound, constructive and in the direction of Canadian unity.

His Majesty the King said at Quebec that he could wish for Canada no more fortunate destiny than "the fruitful and happy accomplishment" of the "noble dream" of the Fathers of Confederation. There could be no better memorial of the visit of His Majesty than immediate constructive action looking to the fulfillment of that wish.

The visit of Their Majesties has created an atmosphere favorable to Canadian unity. The Royal Commission's report will point the way thereto in definite and specific terms.

Let us unite as Canadians to recapture the spirit of Confederation.

JOHN M. IMRIE,
Edmonton, Alta.

As Others See Us . . . .

What Visitors Come to See

Cranbrook Courier

A profound truth is contained in an editorial in a current issue of The Financial Post dealing with the tourist industry, and taking issue with the pronounced tendency on the part of many Canadian businessmen linked with that industry to "Americanize" their establishments in the mistaken belief that it appeals to visitors from the south.

Keeping Canada strictly "Canadian" and "British" is perhaps our greatest pulling force in attracting visitors from the United States and elsewhere. With a wealth of splendid paved highways and scenic attractions to visit in their own great country, it is readily apparent that the reason they pour across the international boundary line to visit with us for a few weeks is to enjoy a distinct change and to see something a little different from what they can enjoy at home. If we ape American ways and customs in our home and business life we destroy our greatest attraction for the visitor.

Other People's Views . . . .

Mr. Chamberlain's Qualities

Ottawa Journal

What makes Neville Chamberlain great, clearly, are those homespun qualities which so appeal to the British public: Cool sanity, patience, loyalty to ideals, an indestructible probity. They are qualities, which, throughout a long history, have been the strength and stay of Britain. And never have they served her better than in this hour.

Week in Business

Three Major Factors Register Sharp Gains

Wheat Crop, Tourist Trade and Exports Running Well Above Year Ago — Price Gain Would Boost Business

Three of the biggest factors in the current Canadian business situation are all decidedly more favorable than a year ago. Crops are promising, tourist trade is heavy, exports are showing substantial gains.

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Main interest this week continues to focus on the western wheat fields. There what promises to be the best crop in the last 10 years is rapidly approaching safe harvesting. Hot weather of the last few weeks is generally welcomed, because it should ensure even ripening and quicker maturity. Unlike recent years no damage from the heat is expected as the grain is well rooted, strongly grown and supplied with abundance of moisture. Crops in eastern Canada, also a factor of major business importance, are generally reported fair to good with still excellent chances for late lines.

The fly in the ointment, so far as rural purchasing power is concerned, is the general weakness of farm prices. Wheat has been steadily declining in recent weeks and although the grower is assured of an official minimum price, loss to the public treasury as a result is expected to be heavy. Other grains are also low but livestock prices so far have continued fairly firm.

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Another crop that is approaching full harvest and promises excellent returns is that of the tourist business. A few months ago fears were general that a world's fair on both coasts of United States might draw a good deal of potential trade away from this country. But no matter what the attendance at New York and San Francisco, traffic into Canada so far this season has been near record proportions.

Last year American tourists alone spent $260 millions in Canada. This season over $300 millions of new money from this source is considered possible.

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One of the best barometers of general business in Canada is the export trade. For a year and a half this has been declining, not sharply but steadily. This spring the first substantial improvement has been registered. June exports were up over 40%, total for the first six months 18%.

Upward trend though strongly indicated by June figures is probably not definitely established yet but in any case decline appears to have been halted. Recent increase, it should be realized, has been made in the face of generally lower commodity prices from a year ago, especially in wheat and other agricultural products. Given a slight price improvement there would be an automatic and impressive jump in Canadian export returns.

Business Indicators

Current business holding steady in relation to recent weeks, but below last year by two points of D. B. S. weekly index for July 1.

Railway revenues holding up well, C. N. R. gross earnings showing moderate rise in week ended July 7; C. P. R. figure about the same as last year.

Carloadings slightly higher (week ended July 1) and cumulative lag this year to date narrowed to 2.5%.

Cattle and hog sales show slight falling off in June returns.

Flour production so far this year 24% above 1938, with substantial increase reflected in May report.

Cotton imports running 30% behind last year, with May volume 8% below same month in 1938.

Coal production and imports showing marked contrast, former edging above 1938 level in May, the latter dropping off markedly in same month.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▲.

	July 1	June 24	June 17	June 10	July 2/38
Commodity prices	73.3	73.3	73.1	73.3	79.9
Weekly index	107.4	107.3	107.1	107.3	109.1
	May	**Apr.**	**Mar.**	**Feb.**	**Year Ago**
Financial Post index	■116.1	113.2	112.1	113.0	110.4
Retail index no. of sales	81.1	79.2	76.3	75.6	78.5
Dept. store "	75.5	75.6	71.7	72.2	73.5
Wholesale "	101.5	87.1	87.4	71.2	95.5
Country (% change fr. last yr.)	....	—2.8	—7.6	—8.8	....
Employment D.B.S. Index—	**June 1**	**May 1**	**Apr. 1**	**Mar. 1**	**Year Ago**
All industries	113.1	106.2	104.9	106.5	111.9
Manufacturing	111.4	108.4	107.1	107.0	112.3
Wage earners, No. (000)	....	....	2,186	2,161	2,163
Living costs‡	....	$17.02	$17.04	$17.07	$17.36

	1939	1938	Jan. 1 to date 1939	Jan. 1 to date 1938	% Change
Railways—					
Carloadings, week (July 1) $	▲40,805	38,771	1,110,469	1,139,917	—2.5
C.N.R. gross, week (July 7) $	▲3,248,942	2,959,360	90,930,466	85,718,919	+6.0
C.P.R. gross, week (July 7) $	▲2,355,000	2,382,000	64,162,000	63,668,000	+0.7
C.P.R. net revenue (May) $	1,906,944	422,118	4,288,025	2,169,620	+97.7
C.N.R. net revenue (May) $	1,473,054	•478,614	•493,321	•4,909,400	....
Iron and Steel (May)—					
Pig iron production (tons)	57,746	71,602	243,716	339,783	—28.3
Steel ingots and castings prod. (tons)	121,413	114,859	472,239	561,340	—15.9
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (May)	14,353	14,056	45,798	51,628	—11.3
Factory output (May)	11,585	13,641	59,383	65,088	—8.7
Trucks and Buses:					
Domestic sales (May)	3,505	3,808	11,153	13,184	—15.4
Factory output (May)	4,121	4,474	19,857	22,338	—11.1
Exports (Apr.)	2,274	4,116	23,221	23,912	—2.9
Financing (May):					
Used $	4,832,096	4,829,349	13,809,068	15,247,853	—9.4
New $	4,500,635	5,318,246	12,242,106	16,408,214	—25.4
Construction—					
Contracts awarded (June) $	25,196,300	20,924,900	83,445,900	80,652,000	+3.4
Cement, bbls. (Apr.)	273,969	364,096	716,886	873,104	—17.8
Agriculture—					
Flour prod., bbls (May)	▲1,191,778	977,740	5,634,476	4,541,922	+24.0
Flour exp., bbls. (May)	515,778	297,126	1,822,109	1,351,828	+34.8
Wheat exp., bus. (May)	13,655,266	3,370,545	36,676,451	18,508,487	+98.1
Cattle sales (June)	▲46,953	50,326	336,468	323,849	+3.9
Hog sales (June)	▲44,366	45,593	315,974	366,244	—13.7
Sea Fisheries: (May)‡					
Catch, cwts.	988,100	1,082,200	2,879,030	2,272,630	+26.6
Landed value	1,812,000	1,883,500	3,788,960	3,973,870	—4.7
Newsprint (tons)—					
Production (May)	250,015	207,678	1,100,519	1,058,177	+4.0
Exports (May)	244,399	209,069	970,461	917,766	+5.7
Mining and Oils—					
Coal prod., tons (May)	▲1,124,433	1,021,360	5,691,341	5,983,138	—4.8
Coal imports, tons (May)	▲793,212	1,342,233	2,494,295	3,359,987	—25.7
Gold prod., fine oz. (Apr.)	405,795	368,439	1,623,303	1,446,386	+12.2
Nickel prod., lb. (Apr.)	18,443,625	20,469,463	68,451,544	74,047,064	—7.5
Copper prod., lb (Apr.)	49,759,762	47,750,255	191,290,651	195,129,628	—1.9
Crude oil prod., bbls. (Apr.)	558,779	464,316	1,831,022	1,815,685	+0.8
Crude oil imp., bbls. (May)	3,643,657	3,801,000	9,753,514	9,519,708	+2.0
Electric Power Output (May)—					
Total monthly m.k.w.†	2,333,235	2,081,935	11,497,674	10,745,222	+7.0
Foreign Trade—					
Imports (May) $	72,957,808	67,123,037	257,369,917	277,745,537	—7.3
Exports (May) $	94,882,594	72,791,247	372,760,875	337,371,813	+10.4
Other Industrial Factors—					
Dressed lumber exp.: M. bd. ft. (May)	165,539	124,957	724,003	589,915	+22.7
Shoes, prod., pr. (Apr.)	1,774,578	1,959,885	7,360,581	7,308,310	+0.7
Cotton imports, lb. (May)	▲13,113,000	11,860,000	38,255,000	54,560,000	—29.8
Raw rubber imp., lb. (May)	5,903,731	5,700,660	24,367,414	18,081,374	+34.7
Cigarette cons. (May) No.†	625,869	592,763	2,635,324	2,600,334	+1.3
Sugar manufactured, lb.§	94,105,028	94,408,309	301,950,913	283,874,458	+6.3
Finance—					
Bank debits, (May)† $	2,839,207	2,461,867	12,302,222	11,854,491	+3.7
Bond sales (May) $	219,462,536	205,350,369	693,421,463	561,591,550	+23.5
Life insurance (May) $	33,657,000	30,342,000	156,777,000	154,929,000	+1.19

†000's omitted. §For four weeks to June 17, 1939.
*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to June 17, 1939.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
‡For average family per week, food, fuel, rent. ■Revised. •Deficit.

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Shingle Plants Curtail Output

B. C. Mills Enter Into Production Control Agreement

From Our Own Correspondent

VANCOUVER.—In an effort to stabilize the shingle market in the United States, which is the chief sales outlet for British Columbia mills, a majority of the plants have entered into a voluntary production control agreement.

During the second half of the current year mills will operate on a single shift basis. Although B. C. shingle quota in the United States market was increased from 25% to 30% of domestic consumption under the new trade agreement, demand is not sufficient to justify double shift operation.

Sales Below Quota

Sales are still below the quota in effect prior to 1934. Cedar logs from which shingles are manufactured are accumulating in tremendous volume as a result of the big demand for Douglas fir overseas. Under present logging methods it is impossible to take the fir and leave the cedar standing in the woods; hence the cedar surplus.

So great has been the overproduction that most of the big logging camps have agreed to shut down for most of the summer.

Okanagan Reduces Interest Charges

Calls 5½% and 6% Bonds For Redemption

From Our Own Correspondent

VANCOUVER. — Okanagan Telephone Company has undertaken refunding operations recently which will result in substantial savings in interest charges.

The company's 5½% first mortgage bonds outstanding to the amount of $482,000 will be called at 104 and accrued interest and replaced by a $435,000 issue of 4¼% first mortgage and collateral trust serial bonds. The company's 6% debentures outstanding to the amount of $273,000 will also be called and replaced by 4½% (closed) sinking fund debentures, due July 1, 1960, offered to the amount of $225,000.

The serial issue has been underwritten and offered by Laurence Smith & Co., and Harrison & Co., while the 21-year bonds were underwritten by Laurence Smith & Co. alone.

Balance of the funds necessary to effect redemption of the first mortgage issue now outstanding are being received from West Canadian Hydro-Electric Corp., which is repaying in full concurrently a debt of $163,599 due by it to the Okanagan Telephone Company. The latter company is the second largest telephone system in British Columbia. It is controlled by West Canadian Hydro.

Victoria Gypsum Co. Look For Good Season

From Our Own Correspondent

MONTREAL.—Operations of the Victoria Gypsum Co., Cape Breton, are well under way following the usual shutdown during the winter months. Mining was resumed in May and already several vessels have been dispatched. More shipments are scheduled for this month and the company expects to have a good season considering the uncertain general conditions.

Last year the company made about 15 shipments to both the United States and England, total production amounting to 73,466 tons.

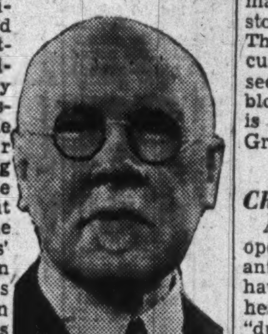
Shipping facilities have undergone an improvement for rapid loading of vessels. There is now a broad channel with at least 28 ft. of water from the company's piers to the ocean.

Keeping Posted

Veteran Business Commentator Shares His Wide Reading With Businessmen

By J. C. KIRKWOOD

Showmanship is shown by those who instruct youthful printers taking the classes of the Toronto Graphic Arts Association—classes where estimating and cost accounting are studied. Thus, by way of illustration, a pile of silver coins having a total value of $100 is put before the students' eyes. Then this pile is broken down into a series of smaller piles. "Amazement is registered on the faces of the students when they discover that the pile of coins representing salesmen's salaries and commissions is larger than those which are stacked up to represent the pay envelope of the 'boss.'" Thus writes Miss Olive A. Ottaway, secretary, Toronto Graphic Arts Association, in her most interesting contribution to the June issue of Canadian Printer & Publisher. "Today They Learn—Tomorrow They Lead." George Brigden of Brigdens Ltd. is chairman of the educational committee of the association. Others on the committee are H. E. Saunders, general manager of Sampson Matthews; Gordon Burns, manager, University of Toronto Press; Fred Kirkham, Southam Press; and Miss Ottaway.



JOHN C. KIRKWOOD

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Stay-at-homes

"If you expect to be stuck in the city all summer,"—so begins an article in the July issue of Chatelaine —"you will probably wonder if there is anything you can do to cheer up yourself, your apartment or house. Take it from me (so writes the author of the article), there is plenty." The article has title, "Stay at Home and Like It," and it informs the stay-at-homes how to make their lot tolerable.

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Variety in Homes

Always I am fascinated by the pictures and plans of Canadian homes to be found in every issue of Canadian Homes and Gardens, and when I scanned the July issue of this alluring magazine I was struck by the geographical diffusion of the homes illustrated and described: "Cary Castle," in Vancouver, the official home of British Columbia's Lieutenant - Governor; "Roemollie Acres," the home of Mr. and Mrs. W. Munroe Archibald, Creston, B.C.; Prince Edward Island's Government House, Charlottetown; "Apple Trees," the summer home of Lt.-Col. and Mrs. Clark-Kennedy, Ste. Genevieve, Que.; "Star Acres," the Nassau estate of Sir Frederick and Lady Williams-Taylor; "Waldhaus," a chalet in the Bavarian manner at the Seigniory Club, the residence there of Mr. and Mrs. G. E. Hackney; another Seigniory Club home —a log cabin structure, where Mr. and Mrs. Frank Whittall of Westmount, Que., seek relaxation; a fisherman's cabin on Lake Commandant, Que., built by Mr. P. J. Cornforth of Montreal; and a "place in the country"—a made-over Ontario farmhouse, where Miss Freda G. James, Toronto interior decorator, has expressed herself to her heart's content.

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Study Feminine Whims

The profitable study of mankind is—women. One Cincinnati specialty shop has learned how to please women, and has attracted many new customers: it loans them umbrellas when they are unprepared for rain. The cost of an umbrella is recovered over and over again. Another store has an "accessory bar," which has a white front. Customers like to write their names on this white surface, or make a little drawing. Another store serving women—so reports The Stylewear Buyer—presents its customers with packets of flower seeds. Thus, if a woman buys a blouse or scarf of petunia color, she is given a packet of petunia seed. Graciousness wins customers.

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Cheque Faith

A. A. Nicas and C. G. Christou, operators of a Lethbridge restaurant, are a pair of bright men: they have mounted on a board, under the heading "Faith Everlasting," 67 "dud" cheques, having a face value of $2,700, which these trusting men have cashed for their patrons. Time does not seem to have chilled the warmth of their natures, for, according to the story about these two men, which appears in Canadian Hotel Review, they have been cashing these rubber cheques for 30 years. In not a single instance were the beneficiaries of the kindness of Messrs. Nicas and Christou prosecuted for their misdemeanor.

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Focussing Sales Appeal

Sharp-focusing a product or group of products tends to increase sales. Thus, Henry Morgan & Company, Montreal, have opened an "Epicure Shop"—a special department of their comprehensive business activities. In this "shop" are assembled delicacies from every part of the world. In charge is Mrs. Sara Bryan Pickett, formerly connected with a famous New York store. Chefs and girls in white, with three-quarter length smocks, serve and advise customers. Entertaining problems are answered by "Chef André." Shelf arrangements around pillars contain assortments of "pickles with a pedigree," of vinegars including 6-bottle baskets for table use, and other ensemble presentations. An attractive gift package consists of five mustard jars on a wooden palette.

The contributor to Canadian Grocer of this story of the Epicure Shop was captivated by the white ceiling, "milk" glass fixtures, mirror-lined walls, and such goodies as Snails in Bordelaise, Frogs in Jungle Sauce, and tinned chickens and glassed pheasants.

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Keep Grinning

A story in The General Merchant of Canada tells about a retailer who allowed his countenance to become "dour" because a customer to whom he had granted credit never paid up. This particular case soured the retailer, and he allowed his moroseness to affect his treatment of good customers, one of whom he lost because his speech became surly. In making his confessions this retailer said, "Once a man is on the run he seems to be unable to stop."

But sunshine returned to this man's face.

Here is his tale of the transformation: "A salesman whom I had known for many years came in. 'Good heavens, man,' he said, 'you look ill. What's the matter?' I told him. His words have never been far from my mind since. He said that the very fact that I was still in business proved that the majority of my customers were still with me, and that under no circumstances should I let my attitude to a minority affect my attitude toward the majority. If one debtor out of a hundred skips out, it was absolutely imperative that I should not let my attitude toward him be my attitude toward the other ninety-nine. I have found that the best method of keeping my own troubles from bothering that ninety-nine is to smile and speak pleasantly at all times, even to people who owe me money."

Calgary Power Load Advances

Turner Valley Helps — More Income From Ottawa Valley

From Our Own Correspondent

MONTREAL. — Calgary Power Co.'s power load is showing a satisfactory increase this year and indications at present are that operating profits in 1939 will be on a larger scale than in 1938.

Conditions throughout the territory served by the company have shown an appreciable improvement this year. The promise of a better than average crop also has been a stimulating factor, but even before the crop prospects shaped up conditions were on the upturn.

New Field Promising

One new section which promises to develop into one of importance is the Turner Valley field. The power load to that section has been growing steadily; the percentage increase being particularly satisfactory. Then, too, there is the likelihood of creating an industrial load of some proportions. The company already has signed up one oil company for well pumping by electricity. Negotiations are proceeding with other operators, and as roughly 35 h.p. are used for pumping at each well, it is possible that in time the company will have an industrial load of some consequence.

No figures have been made public by the management on earnings for the first half of the year, but in view of the expansion of the power load, indications are, in view of past performance and prospects for the balance of the year, that earnings from operations will exceed the $2.1 millions set up in 1938.

Better Profits in Prospect

Of even more interest to the shareholders is the prospect of an increased revenue from its holdings in Ottawa Valley Power. Last year Calgary Power received $73,950, representing arrears of interest and one half year regular interest.

There is a probability that for 1939 Calgary Power will take into its income three half-yearly interest payments on its investment in Ottawa Valley debentures. This would boost revenue from that source and make available a larger surplus on the capital stock.

For 1938 Calgary Power reported $7.27 a share on the preferred and $2.18 a share on the common. The latter figure should be bettered for 1939 if the present trend continues.

SECURITIES FOR INVESTMENT
Suggestions for the purchase of government, municipal and corporation securities are made to suit the requirements of the individual investor. Consult any of our branches.
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"They builded better than they knew..."

CONVENTION AT CHARLOTTETOWN, PRINCE EDWARD ISLAND, of delegates from the Legislatures of Canada, New Brunswick, Nova Scotia and Prince Edward Island, to take into consideration the union of the British North America Colonies,—September 1, 1864.
Seventy-five years ago delegates appointed by the Legislatures of Nova Scotia, New Brunswick and Prince Edward Island, and by the Parliament of Canada (Upper and Lower), met at Charlottetown to lay the foundations of the Confederation of Canada. This year Canada's Gracious King and Queen, in their Royal Tour of the Dominion from sea to sea, were acclaimed by millions of men, women and children in this "great free Nation of the North", and saw how truly the Fathers of Confederation had "builded better than they knew".
The history of Life Insurance in Canada precedes and parallels Confederation. From small beginnings this great co-operative enterprise has grown until it is an economic bulwark of the nation, and its more than 3,500,000 policyholders, with Two Billion Dollars of their savings invested in the Dominion, are a vital force for economic stability and progress. Linked together for their mutual welfare, they help to bind Province to Province and maintain the unity of the Dominion.
No institution could so endure and prosper if it had not given private and public service of the first quality. As with the Fathers of Confederation, so with the Fathers of Life Insurance in Canada—"They builded better than they knew."
Life Insurance in Canada salutes Charlottetown in its commemorative celebration—July 16 to July 21—of the historic Conference seventy-five years ago.
LIFE INSURANCE
GUARDIAN OF CANADIAN HOMES
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The Week's Quotations

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 10

Mining Stocks

Week Ending July 10.

Vancouver Stocks

Oil Stocks

Oil Quotations

Winnipeg Stocks

(Transactions from July 3 to July 8)

	Sales	High for period	Low for period	Close July 8
Beaver Lumber, pref.	10	95.00	95.00	95.00
Crescent Creamery, pref.	15	8.00	8.00	8.00
Dominion Envelope, pref.	5	96.00	96.00	96.00
Dickstone Copper	1,000	.01	.01	.01
Flin Flon Gold	8,000	.01¾	.01½	.01¾
Franco Oils	500	.46	.45	.45
Gurney Gold	6,600	.04¾	.04	.04
Northern Mortgage	35	1.50	1.50	1.50
Ore Grande	2,500	.04	.03⅞	.04
Packsack	100	.04	.04	.04
Rice Lake	16,000	.00⅞	.00⅝	.00⅞
United Grain Growers	143	5.00	5.00	5.00
Western Breweries	167	1.50	1.40	1.50
Wingold	2,000	.04	.04	.04

Stocks Not Traded in During Week

	Bid	Asked		Bid	Asked
Beaver Fire	..	100	Home Invest	12	15
Beaver Lum., c.	2⅝	...	North. Trusts	6	..
Can. Indemnity	125	..	N. Can. Mtge., pf.	2½	..
Fed. Grain, com.	..	1.50	Reliance Gr., pf.	..	35
Fed. Grain, pfd.	..	23	Traders Bldg.	53	..
			West. Steel	..	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 11	11,100	33,700	340,000	45,975
July 10	6,700	36,500	198,000	33,340
July 8	4,200	8,100	95,000	18,290
July 7	8,300	23,200	213,000	50,665
July 6	10,800	22,200	395,000	25,300
July 5	13,600	36,400	320,000	22,090

Government Bonds

July 11, 1939 (Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds

%	Due	Bid	Ask.	Approx. Yld.
2	Nov. '39	100½	...	...
2½	Oct. '39	100½	...	...
4	Oct. '39	100½	...	...
1½	June '40	100	100½	.95
4½	Sept. '40	103½	103½	1.25
1	Mar. '41	99½	99½	1.05
5	Nov. '41	107½	107½	1.65
1½	May '42	99½	100	1.50
2	June '42	100½	101½	1.50
3	Oct. '42	104	104½	1.60
2½	June '43	102½	103½	1.65
5	Oct. '43	111½	112½	1.95
2	June '44	100½	101½	1.70
a2½	Jan. '44	103½	104	b1.08
4½	Oct. '44	111½	112½	2.02
2½	Nov. '44	102½	103½	1.83
a2½	Aug. '45	104½	105	b1.24
4	Oct. '45	107½	108½	b1.94
4½	Feb. '46	112½	113½	2.30
3½	June '49	104½	104½	b2.48
3½	Oct. '49	104½	105½	b2.43
3½	Nov. '51	103½	104	b2.76
a3	May '52	103½	111½	b1.00
4	Oct. '52	108½	109	b2.77
3	June '55	100½	100½	b2.92
4½	Nov. '56	110½	111½	b2.77
4½	Nov. '57	111½	111½	b2.90
3	June '58	99½	100½	2.98
4½	Nov. '58	112	112½	b2.96
4½	Nov. '59	113½	113½	b2.95
a4	Oct. '60	110	110½	b2.90
a3½	Jan. '61	104½	105½	b2.82
3½	June '66	102	102½	b3.06
a3e	Jan. '67	101½	102½	2.87
a3e	Nov. '68	102	102½	2.86
3	Perpet'l.	94	94½	3.17

Dominion Guaranteed Bonds

Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100½	101½	1.65
2½	Jan. '46	99½	100½	2.12
3	May '44	104	105	1.91
3	Dec. '50	100½	101½	b2.79

%	Due	Bid	Ask.	Approx. Yld.
3	Feb. '53	99½	100½	b2.90
3	Jan. '59	99	100	3.00
*4½	Sept. '51	115½	116½	2.91
*4½	Feb. '56	116½	117½	3.16
c4½	July '57	116½	117½	3.21
*4½	June '55	118½	119½	3.18
5	Feb. '54	119½	120½	3.26
*5	July '69	116	117	b2.32
*5	Oct. '69	120	121	b3.02
*5	Feb. '70	120	121	b3.05

Provincial Gov't. Bonds

New Brunswick:

%	Due	Bid	Ask.	Approx. Yld.
3	Oct. '51	93½	94½	3.55
3½	Aug. '49	96	97	3.60
3½	June '56	97½	98½	3.62
c4	Nov. '47	104	105	b3.14
c4½	Apr. '61	108	109½	3.85
c5	Jan. '60	114	115	3.93

Nova Scotia:

%	Due	Bid	Ask.	Approx. Yld.
3	Jan. '52	97	98	3.20
3½	June '56	99	100½	3.21
3½	Nov. '50	101½	102½	3.26
c4½	Sept. '52	109½	111	b2.98
c4½	Nov. '60	112	113	3.62
c5	Mar. '60	118	120	3.63

Ontario:

%	Due	Bid	Ask.	Approx. Yld.
2½	May '45	101½	102½	2.09
3	Apr. '48	100	101	b2.83
3	Nov. '50	99½	100½	b2.90
3½	Nov. '51	102½	103½	b2.89
*4	June '62	109	110½	3.34
4½	June '50	112½	113½	3.02
*4½	Jan. '62	115	116½	3.44
5	Oct. '48	114½	115½	3.04
*5	Dec. '60	122	124	3.42
5½	July '46	115	116	2.95

Ont. Hydro Commission:

%	Due	Bid	Ask.	Approx. Yld.
3	Aug. '48	100	101	b2.84
3½	Feb. '53	101½	102½	b2.95
3½	Apr. '47	103½	104½	2.88

Prince Edward Island:

%	Due	Bid	Ask.	Approx. Yld.
3	Oct. '45	99½	101	2.82

Quebec:

%	Due	Bid	Ask.	Approx. Yld.
3	Nov. '47	97	98	3.27

%	Due	Bid	Ask.	Approx. Yld.
3	Nov. '51	96	97	3.30
3½	Mar. '48	98	99	3.[illegible]
3½	June '52	97	98	3.65
4	Mar. '52	103	104½	3.56
4½	Aug. '58	106½	108	3.[illegible]
4½	Jan. '63	109	111	3.80

Alberta:

%	Due	Bid	Ask.	Approx. Yld.
4	Dec. '54	58	62	d
4½	Oct. '51	62½	66½	d
c4½	Oct. '56	61½	65½	d
*5	Oct. '59	64½	67½	d
c5½	Apr. '52	64½	68½	d
6	Mar. '47	67	71	d

British Columbia:

%	Due	Bid	Ask.	Approx. Yld.
c4	Dec. '57	98½	101½	[illegible]
*4½	Jan. '51	102½	105½	[illegible]
c4½	Oct. '53	101½	104½	4.06
c5	Apr. '54	107½	109½	4.20
5½	Feb. '45	104	107	4.00
6	Feb. '47	105½	108½	4.62

Manitoba:

%	Due	Bid	Ask.	Approx. Yld.
c4	Dec. '57	85½	89½	4.85
c4½	Dec. '56	91	95	4.80
*5	Dec. '59	95½	99½	5.04
5½	Oct. '55	95½	99½	5.52
6	Apr. '47	97½	101½	5.71

Saskatchewan:

%	Due	Bid	Ask.	Approx. Yld.
4	Nov. '60	67	71	6.53
c4½	Oct. '51	77½	81½	6.71
c4½	Mar. '60	70½	74½	6.80
5	Aug. '58	75	79	7.00
5½	Oct. '52	78	82	7.08
6	Mar. '52	82½	86½	7.04

*Payable Can., N.Y. & £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium.

Unlisted Stocks

July 11, 1939 (Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm., p.	13	14
Andan National	30½	32
Anglo C. Tel., A	8½	9
Barrymore, pfd.	21	..
B. C. Pulp, c.	5	6
Do., pfd.	18	25
B. C. Sugar	80½	82½
Burns & Co., A	2½	3½
Do., B	1	1½
Canada Tea, pf.	22	25
Can. Co-op. Wl.	7½	..
Can. G'drich, c.	1½	..
C. I. L., A c.	205	..
Can. Ing. Rand	124	126
Can. Tube, 1st p.	48	..
Chase, A. W., p.	25½	27
Claude Neon, p.	7½	8
Cons. Sales B., p.	..	80
Cope. Flour Unit	6½	7½
Dom. Wool's., p.	½	1
Dunlop Tire, p.	22½	23½
Easy Washing, p.	..	8½
Fed. Grain, pfd.	20½	22½
Do., com.	½	1
Goderich Elev.	6½	6½
Guard. Realty, p.	16	18
Guelph Carp., p.	101	102½
Do., com.	10	11
Hayes Steel, c.	11½	..
Do., pfd., p. $10	9½	10
Do., com.	2½	..
Hi'land Dairy, p.	73	..
Kingston Sh., un.	10½	12½
Loblaw Inc., c.	10½	10½
Morrison Br., pf.	3	4
M'row Screw, p.	97	101
Neilson, Wm., c.	9	..
Do., pfd.	100	..
N. B. Tel., c.	11½	12
N. Meth. Ldy., p.	40	42
Office Spec., p.	71	..
Ont. Tob., pfd.	20	22
Paterson Wm., p.	101	104
Prov. Paper, pfd.	102	103
Reliance Gr., pf.	31	33
Rob. Cons. Cone	9½	9½
Robertson, pfd.	87	..
Ruddy, E. L., p.	29	31
Seal O Sac (Can)	4½	5
Stand. Fuel, c.	2	2½
Do., pref.	47	..
Stedman Br., pf.	57	58½
Tor. Carpet, c.	18	22
Do., pfd.	54	56
Un. F. Co-op.	2½	2½
Un. Steel, A pf.	20	21
Viceroy Mfg., pfd. & rts.	23	24
West. Grain, pf.	3½	4½
West. Steel, c.	6½	7
Weston Hold.	6	..

Trusts and Loan Stocks:	Bid	Ask.
Brit. Mtge.	152½	..
Com. Fin., c.	2½	3
Guaranty Tr.	95	..
Guelph & O., $50	52	54½
Lambton Loan	32	35
London & West.	39	43
Sherbrooke Tr.	120	..
Sterling Trust	51½	60
Traders Fin., B c.	11½	13
Do., A pfd.	80	82
Trusts & Guar.	27	28
Waterloo Trust	99½	..

Insurance Stocks:	Bid	Ask.
Canada Life	482	490
Confed., 30% pd.	153½	156½
Crown, fully pd.	261	..
Dominion Fire	135	..
D. of Can. Gen.	120	130
Empire, 25% pd.	8	9
Excelsior Life	61	65
Fed. Fire, 25% pd	50	55
Great-West Life	240	250
Halifax Fire	22½	23½
Imperial Life	300	320
Manufac. Life	245	250
Monarch, 10% pd	22½	24
Sov. L., 25% pd.	11½	13
Sun Life	395	410
Tor. General	5½	6½
Western Assce.	49½	51½

Theatre Stocks:	Bid	Ask.
Allens King., p.	63½	66½
Do., London, p.	53	60
Do. St. Cath. p.	54½	57
Do., Tor., p. c.	34½	37
Loew's, Lond., p.	3½	3½
Mansf. Theat., p.	31	35
Midland Prop., p.	4½	..
Para., Kitch., p.	53½	..
Do., Oshawa, c.	11½	13

Investment Trust Shares:	Bid	Ask.
Can. Invest. Fd.	3½	4½
Can. Investors	6½	7
Deb. & Sec., pf.	65	..
Inv. Found. Unit	55	57
Sec's. Hold., pf.	18	..
United Corp., A	22	24
Do., B	6	7

Power Issues:	Bid	Ask.
Can. W. N. Gas	27	..
Do., pfd.	99½	101½
Int. Util., 1.75 p.	19	20½
Do., 3.50 pfd.	37	39
Gt. Lakes Pr., p.	101	103
Mtl. Is. Pwr., p.	20½	..
Nor. Ont. Pr., p.	95½	98

Unlisted Mines

Toronto, July 11, 1939

	Bid	Ask
Adding'n	.03½	.04½
Albany R	.15	.17
Amorada	.01½	.02½
Anoki	.09	.10
Arjon	.02	.03
Armistice	.01½	.02½
Argosy	.03½	.04
Arno	.01½	.02½
Area	.08½	.09½
Athona	.04	.04½
Barb Lar	.03½	.04½
Beresford	.15	.17
Big Mastr	.02½	.03½
Bilmac	.03½	.04½
Calder Bo	.03	.04
Camlaren	.03	.04
Capital R	.01½	.01½
Carinor	.13	.16
Central M	.03½	.03½
Cheminis	.05½	.06½
Cochen'r	.48	.50
Coin Lke	.03	.04
Cont Kir	.09	.10
Crescent	.04½	.05
Crowsh	.08	.10
Dawson	.01	.01½
Dayton	.06	.08
Delnite	.90	.95
Desants n	.22	.24
Devon	.08	.09½
Dona Pt	.21	.23
Donwood	.17½	.20
Dumico	.04½	.05½
Dunlop n	.01½	.02
E Lacoma	.02½	.02½
E Rouyn	..	.15
Elmos	.17	.19
Faulken'	.01½	.01½
Flavrian	.01	.02
Fontana	.05	.06
Frontier	.05	.07
Galore	.07	.08
Gate Pat	.01½	.02½
Golden G	.18	.20
Goldside	.01	.01½
Gordon L	.01½	.02
Gorham	.02½	.03½
Hallnor	8.00	8.25
Hiawa'a	1.23	1.28
Hislop	.01½	.02½
Hoyle n	.40	.42
Hugh PaP	.06½	.07½
Hutch Lk	.07½	.08
Jason	.30	.33
Jodello	.08	.09
Keora	.04	.05
Kaw Cro	.02	.02½
Kelrowe	.29	.31
Kenricia	.21	.25
Kewagam	.03½	.04½
Kiena	.17½	.19
Kir Vit	.01	.01½
Kirk Gateway (new)	.02½	.03½
Kir Hunt	.01½	.01½
Lacoma	.02	.02½
Lk Duf	.59	.61
Lk Gen	.08	.10
Lk Rose	.00½	.01½
Lardego	.02½	.02½
Lw Pete	.35	.40
Luck Kir	.01	.01½
Magnet C	.53	.55
Magnet L	.11	.13
Martin B	.06½	.07½
Martin M	.02	.04
Mata Can	.03½	.04½
Melba	.04½	.05½
Mof Hal n	.02	.03
McGregor	.02	.03
McVit K	.01½	.01½
Monarch	.00½	.01
Mooshla	.07½	.09
Mosher	.12	.14
Mylamaq	.03	.04
Nat Mal	.15	.17
Negus	.60	.70
New Aug	.20	.22
Nickel O	.70	.80
Norbeau	.47	.55
Norlake	.01	.01½
Oklend	.07½	.09
O'Leary	.02½	.03
Opemiska	.07½	.09½
Oriole	.01½	.02
Orpit	.08	.09
Ossian	.02½	.02½
Pascalis	.32	.37
Payore	.01½	.01½
Porc Lk	.08	.09½
Planet	.02½	.03
Pontiac	.09	.10
Pelangio	.02	.03
Polaris	.45	.48
Private'r	1.27	1.32
Propri'y	1.80	1.85
Presdor	.03	.03½
Que Mn	.08½	.09½
Que Vik	.01½	.02
Rand Ml	.17½	.19½
Red LGS	.01½	.02
Rhyolite	.03	.04
Rose Gld	.05½	.06½
Rouyn Re	.01½	.02
Sachigo	8.25	9.00
Senator	.41	.42
Shenango	.10½	.11½
Sheldon	.05½	.06½
Siscoe Ex	.02	.02½
Skynner	.06½	.08
Smelter	.03½	.03½
Spooner	.06	.07
Sunbeam	.09	.12
Sun Bear	.01	.01½
Surf Inlet	.21	.23
Springer	.10½	.11½
Thomp L	.19	.21
Tonawa'a	.01½	.01½
Union M	.05	.06
Up Cana	.66	.67
Walker P	.02½	.03½
Wesley	.05	.05½
Wells LL	.12	.14
Westside	.00½	.01½
Westw'd	.03½	.04½
Wh Horse	.01	.02
Winoga cum rts	.05	.06
Woco	.24	.26
Y David	.26	.27

Montreal, July 11, 1939

	Bid	Ask
Abbeyv'e	.08½	.09
Amity	.01	.02
Brown B	.01	.02
Chibmac	.02	.03
Demp'y	.01	.02
LL Lag'n	.03	.05
L Rowan	.09	.10
Leroy	..	.01
Louvre	.02	.03
Obalski	.07½	.09½
Pan Can	.04	.05
Routh'r C	..	.03
Tiblem't I	.01½	.02½
Valdor M	..	.85
Warren'c	..	.05

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 11, 1939

Public Utility Issues:	Int. Rate %	Due	Bid July 11	Asked	Bid July 4
†Assoc. Tel. & T.	5½	'55	78½	81½	78½
Beauharnois P.	5	'73	99	102	99½
B. C. Power	4½	'60	102	105	101
B. C. Tel.	4½	'61	108	111	107½
†Calgary Pwr.	5	'60	104	107	...
Do.	5	'64	103	106	...
†Can. Nor. Pwr.	5	'53	102	105	102½
*Dom. Gas & El.	6½	'45	97	100	96½
Gatineau Pwr.	5	'49	102½	105½	102½
Do., B	3½	'69	99	102	99
Gt. Lakes Pwr	4½	'56	100½	103½	100½
*Int. Hydro-E.	6	'44	85½	88½	83½
▲Inter. Power	6	'55	101	104	101
Macl'n-Que. Pr.	4	'59	97½	100½	97
Mtl. L. H. & P.	3½	'56	103½	106½	103½
Do.	3½	'73	102½	105½	102½
†Mtl. Tramways	5	'41	98½	101½	98
†Do.	5	'55	69½	72½	69
Nat. Lt. & Pwr.	6	'49	98	101	98
N. S. Lt. & Pr.	4	'57	102½	105½	102
Ottawa H. & P.	4	'57	103½	106½	103½
Ottawa V. Pwr.	5	'59	103½	106½	103½
†Power Corp.	4½	'59	102½	105½	103
Quebec Pwr.	4	'62	103½	106½	103½
*Saguenay P. A.	4½	'66	106	109	106
Do., B	4½	'66	106	109	106
Shaw. W. & Pr.	4	'61	103½	106½	103½
Union Gas	4½	'50	103½	106½	103
†Wpg. El. Ser. A	4	'65	71½	74½	71

Industrial and Realty Issues:	Int. Rate %	Due	Bid July 11	Asked	Bid July 4
†Abitibi P. & P.	5	'53	42½	45½	43
Acadia Sugar	4½	'55	102½	105½	102
†Alta. Pa. Grain	6	'46	88½	91½	88½
Atlantic Sugar	4	'51	101½	104½	101½
B. A. Oil	4	'45	101	104	103
†B. C. P. & Pap.	6	'50	52	55	48
*Brown Co.	5½	'46	32	35	33
Burns & Co.	5	'58	40½	43½	38
Canada Bread	6	'41	105½	108½	105½
Canada Cement	4½	'51	104	107	104
Can. Paper	4½	'52	100½	103½	100½
Can. Steamship	5	'57	84	87	84
Candn. Canners	4	'51	103	106	103
*Can. Int. Paper	6	'49	91	94	91
C. P. R.	3½	'51	81½	84½	81½
Do.	4	'49	86	89	86
Do.	4½	'44	90½	93½	91½
Do.	6	'42	100½	103½	101
†Consol. Paper	5½	'61	33½	36½	33½
Dom. Coal	4½	'52	103	106	103
▲Dom. Stl. & C.	6½	'53	104½	107½	105
Dom. Tar	4½	'51	102	105	102
†Donnacona P.	4½	'56	67	70	66½
Famous Players	4½	'51	102½	105½	102½
†Federal Grain	6	'49	89½	92½	89
†Fraser Cos.	6	'50	90	93	90
Gen. Stl. Wares	4½	'52	98½	101½	98½
*Great Lakes P.	5	'55	79	82	80
†Gypsum, Lime	5½	'48	99½	102½	99
Ham. By-Pr. C.	5	'55	101½	104½	102
Inter-City Bak.	5½	'48	103	106	103
*Int. P.&P. Nfld.	4½	'68	102	105	102
Lake St. John P. & P.	5½	'61	69	72	70
†Maple Leaf M.	3	'58	57	60	54
Massey-Harris	4½	'54	93½	96½	93½
McColl-Fron.	4½	'49	102½	105½	102½
McCormick's	4	'52	90½	93½	90½
*M. & O. Paper	6	'45	22½	25½	24
Nat. Grocers	4	'47	101	...	101
N. S. Stl. & Co.	3½	'63	83	86	81
Pres. E. Dome	6	'43	101½	104½	101½
Price Bros.	5	'57	90	93	89
*Prov. Paper	5½	'47	102	105	102
Reliance Grain	4½	'52	86	89	85
Rolland Paper	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	99½	102½	99
Smith, Howard	4½	'51	103½	106½	103½
†Steel of Can.	6	'40	104½	107½	105
*United Gas	5½	'48	103½	106½	...
United Gr. Grs.	5	'48	95½	98½	95
†Western Grain	6	'49	36	39	34

*Payable in Can. or U.S.
†Payable in Can., U.S. or U.K.
▲Payable in Can. or U.K.
*Payable in U.S. only.

Mining Dividends

	Rate	Close July 10	Yield %
Beattie Gold	15c	1.21	12.3
Bralorne	80c+30c	11.50	*9.5
Buffalo Ankerite	$1	11.75	8.5
Bulolo Gold	$3	23.50	12.8
Can. Malartic	9c	.75	12
Cariboo Gold	12c+4½c	2.06	*9.9
Central Patricia	16c+4c	2.47	*8.1
Coniagas	25c	1.80	..
Coniaurum	15c	2.25	..
Cons. Smelters	$1+$1	40.09	*5
Dome Mines	$2	33.50	6
Falconbridge	30c	5.05	5.9
Goldale	†2c	.22½	..
Gunnar Gold	6c	.50	12
Hedley Mascot	12c+4c	.82	*19.5
Hollinger	65c+45c	15.25	*7.2
Howey Gold	3c	.35	..
Hudson Bay	$1.50	32.50	4.6
Inter. Mining	40c	7.00	5.7
Int. Nckel, com.	$2	45.75	4.4
Island Mountain	10c	1.04	9.6
Jack Waite	†1½	.18	..
Kerr Lake	5c	.45	11.1
Kirkland Lake	8c+2c	1.48	*6.7
Kootenay Belle	18c+4c	.85	..
Laguna	†5c	.10	..
Lamaque Gold	30c+15c	6.95	*6.4
Lake Shore	$4	40.00	10
Lava Cap M.	11c	.69	..
Leitch	4c	.82½	..
Little Long Lac	30c	2.80	10.7
Macassa	20c+5c	4.50	*5.6
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.23	9.7
Moneta	9c	1.05	..
McIntyre Porc.	$2	56.00	3.6
Noranda	$4	78.50	5.1
Nipissing	15c	1.40	..
North Empire	80c	9.25	8.6
O'Brien Gold	†10c	2.35	..
Pamour Porc.	8c	2.50	..
Pato Cons.	10c	2.30	..
Paymaster	2c	.39	..
Perron Gold	16c	1.80	8.8
Pioneer, B.C.	40c	2.43	16.4
Pickle Crow	40c	4.70	8.5
Placer Develop.	$1.20	13.63	8.8
Premier	12c	1.80	6.7
Privateer Mine	10c	1.28	..
Quebec Gold	†2c	.43	..
San Antonio	14c	1.69	8.3
Sheep Creek	12c+3c	1.18	*12.7
Silbak Prem.	12c	1.35	8.9
Siscoe	12c	1.17	10.2
Sudbury Basin	5c	2.15	..
Sullivan Cons.	5c	.80	..
Sylvanite Gold	20c+5c	3.40	*7.3
Teck-Hughes	40c+5c	4.20	*10.7
Toburn	8c+6c	1.75	*8
Ventures	15c	4.80	..
Wright-Harg.	40c+30c	8.00	*8.[illegible]

*Yield including bonus. †Initial.

Municipal Bonds

July 11, 1939

†Halifax	5	1961	112.00	113.00	[illegible]
Hamilton	5	1950	111.10	112.60	[illegible]
Montreal	5	1945	100.25	101.00	[illegible]
Ottawa	4½	1945	107.25	108.75	[illegible]
†Quebec	5	1959	106.50	107.50	[illegible]
Saint John	5	1950	105.30	106.30	[illegible]
†Toronto	4½	1955	111.80	113.80	[illegible]
†Vancouver	5	1950	97.00	101.00	[illegible]
Winnipeg	5	1944	100.00	103.00	[illegible]

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.98	[illegible]
Can. Amer. Trust	3.15	[illegible]
Can. Inv. Fund	3.75	[illegible]
All Can. Trustee	11.60	[illegible]
Trans-Canada	11.40	[illegible]
Grouped Income	[illegible]	[illegible]
Can. ... modified	[illegible]	[illegible]
Do. unmodified	[illegible]	[illegible]

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass	30c	Sept. 1	Aug. 15
Do., bonus	20c	Sept. 1	Aug. 15
Do., pref.	$1.75	Oct. 2	Sept. 15
Ang. Can. Tel., pf.	68¾c	Aug. 1	July 15
Ault & Wiborg, p.	$1.37½	Aug. 1	July 15
Beatty Bros. 1st pf.	$1.50	Aug. 1	July 15
Beattie Gold	5c	Aug. 15	July 31
Biltmore Hats	25c	July 15	June 30
B. C. Tele., 2nd pf.	$1.50	Aug. 1	July 17
B. C. Elec. Rly., pf.	2½%	July 15	July 3
Buff. Ankerite	25c	Aug. 15	Aug. 1
Brant. Cordage, pf.	32½c	July 15	June 20
Bralorne	20c	July 15	June 30
Do., extra	10c	July 15	June 30
Bell Telephone	$2	July 15	June 23
B. C. Power, A	50c	July 15	June 30
Can. Breweries, pf.	50c	July 15	July 7
Can. Indust., A. B	$1.50	July 31	June 30
Do., pref.	$1.75	July 15	June 30
Cosmos Imp., pf.	$1.25	July 15	June 30
Commonwealth P.	*2c	July 15	June 30
Can. Nor. Pwr.	30c	July 25	June 30
Do., pref.	$1.75	July 15	June 30
Con. Alcohols, pfd.	10c	July 15	July 3
Can. Light & Pr	50c	July 15	June 26
Can. Fairbanks, p.	$1.50	July 15	June 30
Can. Gen. Invest.	12½c	July 15	June 30
Can.-Malartic	3c	Aug. 4	July 18
C. Bk. of Commerce	$2	Aug. 1	June 30
Omisaurum M.	5c	Aug. 8	July 24
Canada Bud	20c	July 15	July 5
Can. South. Rly.	$1.50	Aug. 1	June 30
Cons. Smelters	50c	July 20	July 3
Coniagas Mines	12½c	Aug. 10	July 29
Can. Bronze	37½c	Aug. 1	July 20
Do., pref.	$1.25	Aug. 1	July 20
Calgary Power, pf.	$1.50	Aug. 1	July 15
Commonwealth Int'l.	4c	Aug. 15	July 15
Conduits Nat.	10c	Aug. 8	Aug. 3
Canadian Fire	$2	July 3	June 22
Can. Investors	10c	Aug. 1	July 18
Dominion Bank	$2.50	Aug. 1	July 20
Can. Tube & Stl., p.	$1	July 15	....
Dom. Tar, pfd.	$1.37½	Aug. 1	July 12
Dome Mines	50c	July 20	June 30
Dom. Textile, pref.	$1.75	July 15	June 30
Dist.-Seagram, pf.	$1.25	Aug. 1	July 15
East. Theatres, pfd.	$3.50	July 31	June 30
1st All Can. Tr. (1945)	9c	July 15	July 15
Guar. of N. Amer.	$1.50	July 15	June 30
Do., extra	$2.50	July 15	June 30
Guaranty Trust	$2.50	July 15	June 30
Gt. Lakes Pwr., pf.	$1.75	July 15	June 30
Gen. Steel W., pf.	$1.75	Aug. 1	July 20
Guardian Realty, p.	50c	July 15	June 30
Humberstone Shoe	25c	Aug. 1	July 15
Hollinger Cons.	5c	July 15	June 30
Do., extra	5c	July 15	June 30
Inter. Nickel, pf.	$1.75	Aug. 1	July 3
Inter. Metal Ind., p.	$1.50	Aug. 1	July 15
Do., "A" pref.	$1.50	Aug. 1	July 15
Inter. Milling, pf.	$1.25	July 15	July 1
Imperial Bank	$2.50	Aug. 1	June 30
Inter. Bronze	37½c	July 15	June 30
Do., pref.	37½c	July 15	June 30
Invest. Found., pf.	75c	July 15	June 30
Do., arrears	25c	July 15	June 30
Inter City Bak.	$1.50	July 31	July 15
Kootenay Belle	4c	July 22	July 15
Maritime Tele.	17½c	July 15	June 20
Do., pref.	17½c	July 15	June 20
Montreal Tele.	68c	July 15	June 30
Mtl. L. H & Pr.	38c	July 31	June 30
McColl-Front., pf.	$1.50	July 15	June 30
Model Oils	4c	July 15	June 23
Moneta Porc.	3c	July 15	June 30
Montreal Trams.	$1.50	July 15	July 4
Nat. Biscuit, pfd.	$1.75	Aug. 31	Aug. 15
Nat. Steel Car	50c	July 15	June 30
Nat. Biscuit	40c	July 15	June 13
Nor. Ont. Pwr.	60c	July 25	June 30
Do., pref.	$1.50	July 25	June 30
N. B. Telephone	12½c	July 15	June 30
Paymaster Cons.	1c	Aug. 15	July 31
Paton Mfg., pfd.	$1.75	June 15	May 31
Para. Pict., com.	‡15c	July 15	June 30
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 21
Premier Gold	3c	July 15	June 16
Power Corp., pfd.	$1.50	July 15	June 30
Do., 2nd pref.	75c	July 15	June 30
Do., com.	†30c	July 25	June 30
Rolland Pap.	13c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 1	Aug. 31
St. Law. Flour	25c	Aug. 1	July 20
Do., pref.	$1.75	Aug. 1	July 20
Smith, H. Pap., pf.	$1.50	July 15	June 30
Sheep C. Gold	3c	July 15	June 30
Do., extra	1c	July 15	June 30
South. C. Pwr.	20c	Aug. 15	July 31
Do., pref.	$1.50	July 15	June 20
Saguenay Pwr, p.	$1.37½	Aug. 1	July 14
Simpsons, pfd.	$1.25	Aug. 1	July 19
Steel of Can.	43¾c	Aug. 1	July 7
Do., pref.	43¾c	Aug. 1	July 7
Silbak Prem.	4c	July 25	July 5
Sudbury Basin	5c	July 27	July 17
Toburn Gold	2c	Aug. 22	July 21
Do., extra	2c	Aug. 22	July 21
Tuckett Tob., pfd.	$1.75	July 15	June 30
Ventures	5c	July 29	July 18
Unit. Corp., A	38c	Aug. 15	July 31
Union Gas	20c	Sept. 15	Aug. 19
Walker-G. & W.	$1	Sept. 15	Aug. 25
Do., pref.	25c	Sept. 15	Aug. 25
Weston, Geo., pf.	$1.25	Aug. 1	July 15
W'minster Paper	25c	Nov. 1	Oct. 15
West. Grocers	75c	July 15	June 20
Do., pref.	$1.75	July 15	June 20
Zeller's, pref.	37½c	Aug. 1	July 15

‡Initial. †Interim.
*Payable in shares of Command Oils.

DIVIDEND NOTICES

GENERAL STEEL WARES
Limited

DIVIDEND NOTICE

Notice is hereby given that a Dividend of $1.75 per share on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, has been declared, payable on the first day of August, 1939, to shareholders of record at the close of business on the 20th day of July, 1939, being a Cumulative Dividend at the rate of 7% per annum in respect of the three months' period commencing first day of November, 1938, and ending the 31st day of January, 1939.

By Order of the Board.

FRANK S. BROPHY,
Secretary.

Montreal, July 6th, 1939.

Anglo-Canadian Telephone Company

Preferred Dividend Notice

NOTICE is hereby given that a dividend of One and Three-Eighths Per Cent (1⅜%) has been declared on the 5½% Cumulative Preferred Stock of Company for the quarter ending July 31, 1939, payable August 1, 1939, to Stockholders of record at the close of business on July 15, 1939.

By Order of the Board,

GEOFFREY PURDY,
Secretary.

Montreal, July 6, 1939.

Ventures Limited
25 King Street West, Toronto.

DIVIDEND NO. 7

NOTICE is hereby given that a dividend of 5 cents per share has been declared by the Directors of Ventures Limited, payable in Canadian funds on July 29th, 1939, to shareholders of record July 18th, 1939.

By Order of the Board,

H. WHITTINGHAM,
Secretary-Treasurer.

July 5th, 1939.

Sudbury Basin Mines Ltd.
25 King Street West, Toronto.

DIVIDEND NO. 3.

NOTICE is hereby given that a dividend of 5 cents per share has been declared by the Directors of Sudbury Basin Mines Limited, payable in Canadian funds on July 27th, 1939, to shareholders of record July 17th, 1939.

By Order of the Board,

H. WHITTINGHAM,
Secretary-Treasurer.

July 5th, 1939.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Devising New Plans For Selling Big Crop

Legislation Regarding 5,000-bushel Limit Not Clear

LENDERS PARTICIPATE

From Our Own Correspondent

WINNIPEG.—The Dominion Government has proclaimed the Wheat Co-operative Marketing Act passed at the last session of Parliament. As a result, different organizations in the trade are busy working on plans for possible co-operative set-ups to handle wheat which cannot be delivered to the Canadian Wheat Board as a result of the 5,000-bushel limitation placed on deliveries from individual farmers.

The Wheat Co-operative Marketing Act enables the Government to extend to a selling agency operating a co-operative wheat marketing plan a guarantee of an average selling price of 60 cents a bushel based on No. 1 Northern wheat in store Fort William. Presumably the amount which could be safely advanced to a farmer as an initial payment would be considerably less than 60 cents—the difference would have to provide storage charges, interest, cost and operating expenses. Provision for such costs might have to be fairly large because there would be no certainty as to how rapidly wheat could be marketed.

If the open market is higher than the initial price most farmers would choose to sell their own wheat instead of entrusting it to a co-operative selling agency. If, however, the open market price should decline further, the guarantee may be of considerable importance.

Selling Agencies Revive

There is at least a possibility of four or five different selling agencies being set up to handle what may be called surplus wheat. The Saskatchewan Wheat Pool has already publicly announced that it is working on a plan. While formerly the Provincial Pools of Saskatchewan, Alberta and Manitoba sold their wheat through a single selling agency, there is some doubt as to whether that would be done again. This arises from a possible conflict of interests between producers in Alberta and those in other provinces. Such agencies, if set up, would be selling in competition with the Canadian Wheat Board. To avoid that, one suggestion has been made, which meets with some favor, to the effect that the Wheat Board might be constituted a selling agency for pool wheat as well as for the wheat which it is empowered to take direct from farmers. There are perhaps administrative difficulties in the way since the Wheat Board Act is administered by the Department of Trade and Commerce, and the Wheat Co-operative Marketing Act by the Department of Agriculture.

Some Conflict

Another Act, the Agricultural Products Co-operative Marketing Act, is also under the administration of the Department of Agriculture. Under it it is possible for selling agencies to be set up to handle coarse grains such as oats, barley and rye, and the initial price paid to producers would also be subject to guarantee. The Government has been approached, to find out what guaranteed prices would be made available on such grains. Broadly speaking, there is not likely to be much demand for the service this year unless a minimum price could be made available in excess of current market values for coarse grains and so far there is no intimation as to how far the Government will go. Under the Act it is possible for initial prices to be guaranteed up to 80% of the average wholesale market price of a commodity during the past three years. It happens, however, that the current market prices of coarse grains are below 80% of average prices during the past three years.

Await Clarification

Farmers and members of the trade are anxiously awaiting announcement, expected before long, from the Canadian Wheat Board, with respect to the interpretation to be placed on the clause of the Wheat Board Act limiting deliveries from producers to 5,000 bushels. As the Act finally went through Parliament, it would appear that a farmer would be entitled to sell 5,000 bushels to the Board himself. He might at the same time be under obligation through mortgage, agreement of sale or other contract to deliver considerable quantities of wheat to a mortgagee, vendor or other person. It would appear from the wording of the Act that the Wheat Board would be entitled to accept up to 5,000 bushels from each person entitled to a share of the crop. It is by no means sure, however, that the Wheat Board will accept such quantities and it is at least possible for it to restrict the total quantity it will handle from any one farm to 5,000 bushels. If so, there are a good many administrative difficulties in the way of enforcing such a limitation.

Lenders Participate

The great majority of farms in the West, of course, produce a good deal less than 5,000 bushels of wheat even in bumper crop years. There are many farms, however, which this year have from 5,000 to 10,000 bushels of wheat in prospect, while there are a limited number of large operators who will produce much more. As the Act was originally framed, it would have prevented more than 5,000 bushels being delivered by any producer, and producer is defined to mean: "As well as any person actually engaged in production of wheat, any person entitled, whether as landlord, vendor, mortgagee or otherwise; by contract or operation of law, to the wheat grown by a producer or to any share therein." Mortgage contracts and agreements for the sale of farms are characteristically drawn to entitle the mortgagee or vendor to a share of the crop.

Had the 5,000-bushel limitation passed in its original form, the large mortgage companies who receive wheat from many different farms, would have been restricted to total sales to the Wheat Board of 5,000 bushels each. It was amended to allow any person to sell the share of wheat grown by another producer so long as the aggregate of such sales to the Wheat Board do not exceed 5,000 bushels in any one crop year, from any one farm, or group of farms operated as a unit. But does that limitation of 5,000 bushels from any one farm or group of farms extend to all the grain produced on such farm or group of farms, or does it extend merely to the share or shares delivered to those entitled thereto?

Examples Cited

Farmer A, for example, might own his farm outright and produce therein 15,000 bushels of wheat. Obviously he himself can deliver to the Wheat Board only 5,000 bushels and would have to dispose of the balance elsewhere. Farmer B, also producing 15,000 bushels might owe 5,000 bushels to a vendor under an agreement of sale and another 5,000 bushels to a mortgagee. There is at least the possibility that each of these persons concerned will want to sell 5,000 bushels grown on his farm.

Such problems may possibly affect the market from 40 to 80 million bushels of wheat. As the Wheat Board guaranteed price basis of 70 cents a bushel is now more than 10 cents above the open market price, they involve perhaps from four to eight million dollars in net returns on the western crop and the same amount with respect to the total liability to be assumed by the Government.

Wheat Carryover 100 Million Bus.

Carryover of Canadian wheat in commercial storage is now down to about 100 million bushels. This, while 75 million above the same period a year ago, is not more than 50 million higher than what is usually considered a normal stock for mid-July. A year ago, due to the high premium of Canadian hard wheat, carryover was reduced to abnormally low levels. Back in 1934 and 1935, however, it totalled close to 200 millions.

The Canadian crop year ends July 31 and if present export clearances of approximately two to three million bushels are continued, total carryover will be in the neighborhood of 95 million bushels. New crop shipments are not expected to come into storage in any quantity much before mid-August.

DIVIDEND NOTICES

The Canadian Bank of Commerce
Dividend No. 210

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1939, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st August next, to shareholders of record at the close of business on the 30th June, 1939. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 23rd June, 1939.

The Dominion Bank
Dividend No. 227

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 31st July, 1939, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Tuesday, the 1st day of August, 1939, to shareholders of record of the 20th July, 1939.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 15th June, 1939.

The McDougall-Segur Exploration Company of Canada, Limited

The Annual Meeting of the Shareholders will be held on the 29th day of July in the Palliser Hotel, Calgary, Alberta, at the Hour of 10.30 A.M.

TAKE NOTICE that the Register of Transfers will be closed from July 23rd to August 1st, 1939, both days inclusive.

By Order of the Board.

A. G. GRAVES,
Secretary.

Treasury Loss Will be Large

Cost of Guaranteed Price Rises With Crop Size

From Our Own Correspondent

OTTAWA. — Although western Canada is rejoicing in the prospect of one of the largest crops ever harvested in Canada, the Government is dismayed at the prospect of the most staggering financial blow the treasury has received, except from the National Railways.

The cost to the treasury of last year's crop already stands at approximately $60 millions, with 100 million bushels of wheat unsold which has already cost the Government 80 cents per bushel, plus carrying charges. This wheat will continue to cost the Government carrying charges at about two thirds of a cent per bushel per month until it is sold. If the huge crop now in the making further depresses the price, the deficit will be correspondingly increased.

Should the new crop exceed 450 million bushels, which it may do, the price could fall below 50 cents per bushel. In this case by far the greater part of the crop would cost the Government 70 cents per bushel and the balance 60 cents per bushel. If the Government could be assured right now that they would escape with a loss of $100 millions on this year's crop, Ottawa would sigh with relief.

Commodity Prices

Most commodities have remained firm or strengthened a little during the week. The combined list of those items most commonly used or produced in Canada is weaker, however, due to the domination of grain.

Excellent wheat prospects in Canada and improvement in the late areas of the United States has resulted in further substantial losses.

	Latest week	Previous week	Same week last yr.
Cattle	$7.00	$7.50	$7.65
Hogs	10.15	10.15	12.35
Copper, lb.	.10¼	.10	.0975
Cotton, lb.	.0987	.0975	.0903
Rubber, lb.	.1636	.1643	.1510
Sugar, raw, lb.	.0293	.0290	.0272
Silk, lb.	2.56½	2.51	1.81
Wheat, Man. (bu.)	.56⅝	.60½	1.01¼
Coffee, lb.	.05⅛	.05⅛	.04⅞
Hides	.11	.11	.11
Weekly Indices			
Canada (D.B.S.)	73.3	73.3	79.9
Do., Wood Gundy	53.9	53.5	56.7
U. S. Labor	75.5	75.5	77.9
Dow Jones (future)	49.13	49.64	50.26
Crumps (Brit.)	70.7	70.9	73.6
Fishers'	79.2	78.8	81.2
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	82.9	83.1	84.0
W'sale (May)	73.7	73.4	80.3
U. S. (Apr.)	76.2	76.7	78.7
Gt. Brit. (Apr.)	97.2	96.6	103.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

General Steel Wares Paying $1.75 on Preferred

From Our Own Correspondent

MONTREAL. — General Steel Wares has declared a dividend of $1.75 a share on its outstanding preferred stock, payable Aug. 1 to shareholders of record July 29.

This dividend covers the quarter beginning Nov. 1, 1938, and ending Jan. 31, 1939.

Halifax Cargo Traffic Hits High Mark in June

From Our Own Correspondent

MONTREAL.—Traffic through the port of Halifax recorded a sharp increase in June, amounting to 175,662 tons as against 126,876 tons a year ago. The improvement was largely due to an increase of almost 100% in the inward traffic movement.

For the first half of 1939 the port handled 1,084,476 tons of cargo, compared with 1,056,901 tons for the like period a year ago.

Foreign Exchange
AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
July 10	1.00¼	1.00$\frac{1}{32}$
July 8	1.00¼	1.00¼
July 7	1.00¼	1.00¼
July 6	1.00$\frac{5}{32}$	1.00¼
July 5	1.00$\frac{5}{32}$	1.00$\frac{3}{32}$
July 4	1.00$\frac{3}{32}$	1.00$\frac{3}{32}$
U. K. Pound	**Closing**	**Last Year**
July 10	4.69¼	4.97½
July 8	4.69⅜	4.97⅞
July 7	4.69⅜	4.97¼
July 6	4.69½	4.97⅞
July 5	4.69½	4.98½
July 4	4.69½	4.99½

Other Currencies, July 10

Australia	3.75¾	Italy	.0527⅝
Belgium	.1704	Japan	.2738
Denmark	.2094½	Jugoslavia	.0231½
France	.0265½	N. Zealand	3.78¾
Germany	.4021	Norway	.2358
Greece	.0086¾	S. Africa	4.68⅝
Holland	.5323	Sweden	.2417
Hungary	.1974	Switzerland	.2260
India	.3508	Hong Kong	.2904

Week in Wheat

Speculator Nervousness Depresses Wheat Prices

Unload Commitments as Usual Crop Scares Fail to Develop — Argentina Pushing Sales, Fear U. S. to Follow

From Our Own Correspondent

WINNIPEG.—The severe decline in wheat prices which set in toward the end of last week was attributed in part to easing of European tension, but more largely to the fact that usual July crop scares did not develop in North America.

The traditional expectation is that prospects for the Canadian spring wheat crop should be at the maximum about the end of June. From that time on, hopes of individual farmers and of different districts are usually cut down by hot winds, drought, hail or grasshoppers. It is perhaps the normal experience that every day in July sees some millions of bushels cut from the possible production.

Nothing of the kind has occurred this year, and possible production of the western crop is now put higher than anyone had dared to suggest at the end of June. Under such conditions the limited number of speculative holders of Canadian futures who were taking a chance on crop damage largely decided to liquidate their holdings.

Concurrently there was weakness in United States markets as full pressure from the winter wheat crop came on the market, and as prospects for the spring wheat crop improved. While the latter gained much less than the later Canadian crop, nevertheless neither grasshopper nor rust damage materialized.

* * *

Argentine Pushes Sales

The Argentine Government Grain Board, faced with heavy competition from North America and a considerable carryover at the end of the calendar year, has begun to press sales. This is in sharp contrast to its somewhat cautious selling policy a few months ago. Dispatches suggest that while the Argentine Board has completed some fairly large transactions direct with Germany, Italy and Spain, and is shipping wheat against such commitments, the total involved is less than had been anticipated earlier.

* * *

European Crops Slip

American conditions have drawn attention from developments in Europe, where crop prospects seem to be getting smaller as the season advances. Russian conditions also appear to be deteriorating, but in spite of adverse reports, Liverpool does not suggest anything more than the probable absence of Russian exports during the coming crop year.

* * *

Fear Subsidized Selling

Liverpool also seems to have some nervousness about possible resumption of subsidized selling of export wheat by the United States Government. At the moment such sales appear to have been checked. The quota set for the old crop year, 100 million bushels, has been slightly exceeded, although wheat is still being shipped against sales contracts made earlier. This applies especially to a bulk sale of 25 million bushels to British mills, which was taken on condition that the U. S. Government would not subsidize the sale of flour to the British market. Presumably Washington will be anxious to force a corresponding quantity into export during the new crop year, but intentions in that respect are still uncertain. No definite announcement is to be expected unless and until negotiations or a possible international wheat agreement are definitely suspended.

* * *

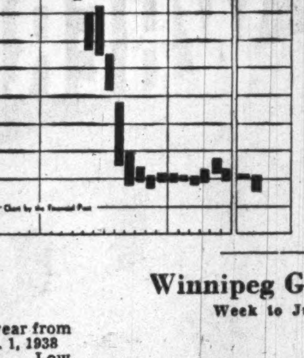
Chicago Market

Although Chicago prices have declined along with those on other markets, they still remain well above export levels, and observers in the United States are confident that this condition can continue throughout the crop year. Total production in the United States is likely to correspond closely with a year's domestic requirements, leaving available for export only the quantity represented by the large year-end carryover.

A large part of the new wheat being delivered by farmers is going into storage under Government loans, the loan value at times being higher than the open market price. Such loans will presumably be discharged in due course, not by repayment, but by surrender of the grain used as security. In the meantime the grain in question is off the market.

Daily wheat deliveries in the United States probably are just about reaching their peak. On that account some observers in the United States feel that the market there has perhaps experienced the worst of bearish influences to which it is likely to be subject. That view may have to be modified if the corn crop turns out to be a very large one, as is possible. A heavy corn crop tends to reduce the quantity of wheat fed to livestock in the United States.

Wheat Prices



(Cash Quotations)
For Week

	July 11 High	July 11 Low	Prev. Week High	Prev. Week Low
1 Hard	.61¾	.56⅞	.62⅜	.60½
1 Northern	.61¼	.56⅜	.61⅞	.60
2 Northern	.57⅜	.52½	.57⅞	.56
3 Northern	.52¼	.47½	.53⅛	.51¼
4 Northern	.50¼	.45⅜	.51⅜	.49½
5 Wheat	.44¼	.39⅜	.45⅜	.43⅞
6 Wheat	.40¼	.35⅜	.41⅜	.39½
Feed Wheat	.39¾	.34⅞	.40⅞	.39

Combined Export Prices:
July shipments.

	Week to July 11	
No. 1 North. (Vanc.)	.74	.70⅜
No. 3 North. (Vanc.)	.68⅛	.63¾
Australian (afloat)	.61½	.60⅞
French, soft	.52⅜	.51⅝
Argentine Rosafe†	.56½	.53½

†63½ lb. May.

Winnipeg Grain Futures
Week to July 11, 1939

Crop year from Aug. 1, 1938 High	Low		Open July 5	High for week	Low for week	Close July 11	Close year ago
		Wheat					
.67⅝	.53½	July	.59⅛	.59⅜	.53½	.54¾	1.01⅛
.68⅝	.54	Oct.	.60⅛	.60⅝	.54	.55⅛	.79⅜
.68⅜	.56⅜	Nov.	.....	.62¼	.56⅜	.57⅛	.78⅞
.68⅜	.56⅛	Dec.	.61⅞	.62⅜	.56⅛	.57⅛	.77¼
		Oats					
.32	.26⅝	July	.28⅜	.29⅛	.26⅝	.27¼	.44⅛
.31½	.26⅜	Oct.	.28⅛	.28⅝	.26⅜	.26¾	.35⅜
.30	.25¾	Dec.	.28	.28	.25¾	.26¼	.32½
		Barley					
.41¾	.33¾	July	.36⅛	.36⅝	.34¼	.34½	.48¼
.41½	.33¼	Oct.	.36	.36⅛	.33¼	.33⅝	.47¼
.41	.33¼	Oct. (new)	.36	.36¼	.33¼	.33½	.....
.40¼	.34⅛	Dec.	.36¼	.36⅝	.34⅛	.34⅛	.45⅞
		Flax					
1.59	1.39	July	.....	1.44	1.40	1.40	1.45¾
1.46	1.33⅜	Oct.	1.37⅞	1.39	1.33⅜	1.33⅜	1.46½
		Rye					
.51¼	.38	July	.41¾	.42½	.38	.37⅞	.49
.51¾	.38¾	Oct.	.42⅜	.43½	.38¾	.38⅞	.50⅜
.48½	.40⅛	Dec.	.43⅜	.44⅝	.40⅛	.40⅛	.50⅞

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CONDUITS PAYS 10c.

A dividend of 10 cents a share has been declared on the stock of Conduits National Co. Payment will be made Aug. 8, 1939, to shareholders of record Aug. 3. The last previous payment on this stock was 20 cents in February of this year.

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Imperial Oil

I would like your comments on Imperial Oil.

Imperial Oil Ltd. is the leading refiner and distributor of petroleum products in Canada. Through its holdings in Royalite Oil it also has a commanding position in the development of crude oil supplies in Alberta. Another subsidiary, International Petroleum, operates important crude oil producing fields in Peru and Colombia in South America, as well as having a share in other fields in Venezuela.

For a number of years Imperial Oil has been paying total dividends $1.25 a share although earning slightly less than $1 a share. The greater proportion of the company's earnings has come from dividends paid by subsidiaries of which the largest is International Petroleum. This company has also been paying somewhat larger dividends than it has reported in earnings, but with the latest payment made in June it reduced total dividends to a rate which, if maintained, would be equivalent to $2 a share annually, not too far above what the company may be expected to earn.

Current low prices for Imperial Oil stock are partly a reflection of fears on the part of some investors that government in South American countries may interfere with foreign-owned oil properties there. So far, we are informed, International Petroleum has had no reason to fear any action harmful to itself, but in the minds of the public this is likely to be a factor in appraising the popular investment outlook for the stock. In Canada, sales of petroleum products are reaching a new peak level but profit margins have not been very satisfactory. Financial position of this company is exceptionally strong.

Eastview

Would you kindly give me the latest information on the Town of Eastview?

The Ontario Department of Municipal Affairs is at the present time considering the possibility of a refunding plan for the debentures of Eastview, Ont. The plans are purely tentative and it is likely to be some time before a scheme is presented to bondholders but we understand the Department is anxious to clear up this default situation by the end of the current year.

The town has been making good progress under the supervision of the Department, and the relief and tax collection situation has shown marked improvement recently. It is believed that the final offering to debenture holders will not be as unfavorable as formerly believed.

Can. Northern Power

I should like to have your opinion of Canada Northern Power Corp. as an investment. What do you think of the management of the company?

Canada Northern Power Corp. enjoys excellent management and has a good record. Earnings have shown expansion in recent years despite reduction in power charges. In 1938 the company earned its interest charges 2.70 times after depreciation. Net profit was equivalent to $22.58 a share on the preferred stock and $2.14 a share on the common stock. The company pays common dividends of $1.20 annually.

The bonds and preferred stock enjoy a good investment rating. One reason for the large yield on the common stock is uncertainty as regards possible government interference. The Quebec Government is at the present time constructing a power development in the territory served by Canada Northern Power Corp. The new development will serve Noranda Mines, but it is not known whether it will enter into competition elsewhere with Canada Northern Power.

Canadian Vickers

I have some common shares of Canadian Vickers which I purchased at higher levels than the present market price. I am wondering whether I should purchase more shares in order to reduce the average price of my holdings. Would you be good enough to let me have your comments on the common stock of this company?

We are inclined to regard the common stock of Canadian Vickers as a speculation and it is impossible to say what the prospects are for appreciation. As you know, the company is in a difficult financial situation and reorganization is necessary. Not only has it not paid sinking fund payments on its own bonds and those of its subsidiary, Montreal Dry Dock, for a number of years, but it has not paid preferred dividends since 1929. Both of these issues of bonds and the preferred stock, along with arrears of preferred dividends, rank before the claims of the common shareholders.

One reason for the necessity of reorganization is the need for additional capital. We do not see that present common shareholders can hope to receive very much through reorganization of the company. To a very large extent the equity of the common stock has been wiped out. In fact, the balance sheet in recent years has shown no equity for the common shareholders.

International Nickel

What is the present outlook for earnings on International Nickel Co.?

International Nickel Company of Canada has been reporting consistently improved results since the second quarter of 1938 when earnings dropped to a low of 42 cents a share for the three months. In the first quarter of 1939, the latest three months for which figures are available, earnings were equal to 62 cents a share, and from what The Financial Post hears, earnings may be still greater for the three months ended June 30, 1939, although these figures are not yet available. The fact that earnings have possibly improved more rapidly than the tempo of business generally, speaks well for the new uses which are continually being found for nickel.

While there appears to be little immediate prospect of dividend payments exceeding the present rate of $2 per share per annum, the company's long-term outlook appears very bright. Ore reserves are very substantial and there appears little doubt but that a tremendous additional tonnage could be added if development were to be pushed ahead more rapidly. The fact that all the ore is not drawn from a single mine, but from several mines, may prove important in the future if rock shifts, as in the Frood Mine recently, are to become commonplace. As it is, no interruption in production has been caused to date.

Dominion Coal

I would appreciate some information on Dominion Coal Co., especially in regard to its preferred stock. I am thinking of buying some preferred shares.

Dominion Coal Co. has paid dividends on its preferred stock regularly since the capital reorganization in 1935. Furthermore, it has materially improved its financial position. Subventions on Nova Scotia coal have been a help to the company in marketing its coal. Sales in 1937 were the highest in many years. Sales declined in 1938. As a result the company earned only $1.54 a share on its preferred stock compared with $2.08 a share in 1937. Improvement in sales is looked for in the current year. No doubt you are aware that the subvention on coal moving from Nova Scotia to the Ontario market has been increased. The outlook for the company is considered favorable and in normal times it should have no difficulty in earning its preferred dividends.

National Breweries

I would like to have your views on the common stocks of National Breweries as an investment.

National Breweries common stock is a well-regarded investment medium. The company dominates the Quebec market and is strongly entrenched financially. The company is well managed and in each of the past four years earnings on the common stock have been over $2 a share. Net profit in 1938 amounted to $2.24 a share. An adverse factor is the recent increase in taxes on beer in Quebec and new regulations of the Quebec Liquor Commission. This has adversely affected the sales in the current year to date and also earnings. However, the company is hopeful that the situation will adjust itself and that the consumption of beer will not be affected permanently.

Imperial Tobacco

I am considering the purchase of a few shares of common stock of Imperial Tobacco Co. What do you think of this stock as an investment?

Imperial Tobacco Co.'s common stock is a good investment. The company is strong financially. In fact it is the largest organization in the Canadian tobacco industry, handling between 70% and 80% of the country's business. It enjoys a strong liquid position, working capital at the end of 1938 amounting to $17.5 millions. The company has been able to maintain its earnings even during bad times. In fact, the trend during the recent depression was upward.

Last year the company earned 63 cents a share on its common stock and paid 62½ cents. In view of its strong financial position the company can be expected to pay most of its earnings out in dividends.

Can. Gen. Investments

Would you please outline operations of Canadian General Investments?

Canadian General Investments is a management type of investment trust. President of the company is Hon. Arthur Meighen and the board includes a number of prominent Canadian businessmen. Until 1938 this company was able to show four successive increases in earnings and the decline last year was small, net being equivalent to 64 cents a share as compared with 66 cents in 1937. Regular annual dividends of 50 cents a share are paid and a continuation of progress of the past few years gives grounds to think that rate of payment might be increased.

Net assets, consisting entirely of securities, were equivalent to $13.05 a share on the common stock at the end of last year, a gain from the $11.93 a share at the end of 1937. By buying stock in this investment trust, which is listed on the Montreal curb market, you would be getting a proportionate share in a widely diversified group of securities. It is a means of diversifying the holdings which the small investor might find desirable.

Walkerville Brewery

What are the prospects for increased dividends on the stock of Walkerville Brewery Co.?

It hardly looks as though Walkerville Brewery Co. would be able to increase its dividend from the present 10 cents a share annual rate until earnings show considerable gain. In 1938 the company earned 7 cents a share, which was not sufficient to cover the 10-cent rate paid. Initial dividend was paid Jan. 15, 1938, and quarterly payments of 2½ cents a share have been maintained since.

Sales for 1938 showed a small increase over the previous year as against a general decline in the consumption of beer in Ontario, according to the president. Net profit, however, was slightly lower, being equivalent to 7 cents a share as compared with 8 cents in 1937.

Attempts to work out an export market to the West Indies are stated to have met with a favorable reception. Domestic sales in the first quarter of 1939 were about the same as in the previous year. Prospects for any important growth in earnings for this company do not appear exceptionally bright in view of the highly competitive conditions of the brewing industry in this country.

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Gat. Power Nears Peak

Fall Deliveries Under All Contracts to Hydro Start Nov. 1

From Our Own Correspondent

MONTREAL. — Gatineau Power Co.'s deliveries of primary 25-cycle power to Ontario Hydro-Electric Power Commission will be stepped up by 60,000 h.p. Nov. 1, bringing deliveries to the full contract requirements of 260,000 h.p. This figure does not include the 60 cycle power, of which Gatineau is now delivering 60,000 h.p. to the Commission.

With the increase in deliveries on Nov. 1, Gatineau Power will have reached the maximum called for under the present contracts with the Commission. In all there are three contracts in force, one for 25-cycle power calling for delivery of 260,000 h.p.; the second contract for 60,000 h.p. of 60-cycle power; and a third contract for 20,000 h.p. of 60-cycle power.

Will Increase Earnings

Under the terms of the contract with the Commission, Gatineau is holding in reserve 33,000 h.p. of immediate standby power and 27,000 h.p. of general reserve energy, for which the Commission pays to the company $377,250 annually.

When the immediate standby and general reserve power is converted into primary power deliveries on Nov. 1 next, revenues of Gatineau Power Co. will increase to $750,000, or $372,750 more than received under the present contract arrangements.

The increased deliveries will involve little or no expense on the part of the company so that net earnings available on the common stock will increase around 20 cents a share. This improvement in earnings, of course, will not come into full force until 1940 as the 1939 returns will only show the benefit of deliveries for the last two months of the year.

Montreal Power Output Expands

Both Electricity and Gas Sales Advance in June

From Our Own Correspondent

MONTREAL. — Montreal Light Heat and Power Consolidated reports electricity output for consumption in the Montreal area during June amounting to 89,801,220 kw.h. This represnts an increase of 5.91% over June, 1938.

For the first half of the year the company's output totalled 1,161 million kw.h., as against 1,154 million kw.h. for the same period of 1938, an increase of .58%.

Gas output in June amounted to 413,831,000 cu. ft. as compared with 406,773,000 cu. ft. in June, 1938, an increase of 1.74%. This is the first increase to be recorded by the company in gas output since Dec., 1938.

Output of gas for the first half of 1939 totalled 2,488 million cu. ft. This compares with 2,526 million cu. ft. in the like period of 1938, a decrease of 1.48%.

Gray Miller Elected To B. A. Tobacco Board

From Our Own Correspondent

MONTREAL.—Gray Miller, president of Imperial Tobacco Company of Canada, has been elected vice-chairman and director of the British American Tobacco Co. The latter company holds controlling interest in Imperial Tobacco stock.

Municipal Finances

Winnipeg has announced the selection of five consultants to co-operate in the work of surveying government-owned enterprises in Manitoba. H. Carl Goldenberg was appointed June 13 to conduct the survey. James C. Thompson, former Alberta provincial auditor, will be chief consultant accountant. Other associates of Mr. Goldenberg in the survey will be James G. Mundie, Walter J. Macdonald, John J. C. Shelly, and Professor Norman M. Hall.

* * *

Victoria, B.C., to the end of May had received 39.246% of current taxes, the collections being $606,948 on a levy of $1,546,525. Last year when the levy was $1,613,656, collections up to May 31 stood at $561,216, or approximately 34.78% of the amount outstanding. Percentage increase in the current year is approximately 4.5%.

* * *

Moncton, N.B., collections on current taxes were $8,641 higher for the year to June 26 than for the same period last year. This is a record in the city's history. Total collections were $514,917, compared with $506,276 received to June 26 last year.

* * *

Regina tax collections in the current year to date are substantially higher than those for the same period in 1938, the city tax collector states.

* * *

North York debenture debt at the end of 1938 totalled $2.8 millions, a decrease of approximately $700,000 from 1937. Relief during 1938 cost the municipality over $172,319, of which $163,067 was for direct relief.

* * *

Windsor taxpayers paid $3,184,148 in the first half of 1939, A. E. Cock, city treasurer, announced. Payments during this period on current taxes were $2,780,582, and $403,566 on arrears. The total 1939 tax levy amounts to $3,774,369. Collections on current taxes in the first half of the year are $88,831 more than those collected in the corresponding period of the previous year, and constitute an all-time record

* * *

Calgary total revenue, including taxes, current and arrears, and other revenue totalled $2,670,088 to June 22, when a penalty of 2% was applied on all outstanding current taxes. While this was $105,351 less than collected to June 28, 1938, the city actually had $354,000 left to collect in the current year.

* * *

London, Ont., established a record for tax collections for the first six months of the current year. Collections amounted to $2,240,242, representing 65% of the tax bill of $3,445,592.

* * *

Belleville, Ont., has set its tax rate at 45½ mills for 1939.

* * *

Stratford, Ont., is planning a $100,000 debenture issue to pay off part of the city's bank loan.

Montreal Plans Relief Roll Purge

Recipients Are to be Required to Report Twice Daily

From Our Own Correspondent

MONTREAL.—City of Montreal is taking definite steps to purge its relief rolls of those not entitled to receive relief.

In view of the financial difficulties facing the city, aldermen have decided to do something about relief, which is conceded to be the major problem. It is generally admitted there are many persons receiving relief in Montreal who are not entitled to same. Cost of relief has been running over $1 million monthly and hopes are held for a reduction in this amount.

Have to Report

In order to keep a careful check, relief recipients are to be required to report at unemployment relief offices twice a day. This will make it impossible for people who are working to draw relief at the same time.

One of the problems facing the city is to get relief recipients to accept temporary employment. In some instances they are offered work for a week or two, but acceptance means they will be struck off relief rolls for two months. Furthermore, some fear they will have difficulty in getting back on relief.

Foundation Co. Finds New Business Limited

From Our Own Correspondent

MONTREAL. — Competition continues keen and the volume of work offering is relatively small, according to a statement made by R. E. Chadwick, president, at the annual meeting of Foundation Company of Canada shareholders. Directors were re-elected and reports approved.

During the course of the meeting a by-law was adopted providing for a decrease in the number of directors of the company from 11 to 9.

Lombard Realty Defers Interest

July 1 Payment on Bonds Not Made

Lombard Realty Co., Toronto, has decided to withhold interest payments, due July 1, on its 5% first mortgage bonds. The issue is dated Jan. 1, 1936, and matures Jan. 1, 1951. In reorganization, approved Feb., 1936, non-cumulative interest on the bonds became payable at 5% for the first three years. The first mandatory payment was due July 1. There are $188,100 of the bonds outstanding.

The company owns a five-story and basement garage, in Toronto, erected in 1925.

Toronto Motor Car Ltd., tenants of the property, have notified the company that because of adverse business, it cannot at the present time pay taxes on the land, which is part of the rental agreement.

Funds held by the company are sufficient to make the interest payment, the management states, but it is deemed advisable to hold the money for contingent payment of taxes, which should have been assumed by the tenant.

A delay of three months is given to the company before bondholders can take any action.

Dosco and Algoma Share South African Order

From Our Own Correspondent

MONTREAL. — Announcement of the International Steel Cartel that 29,000 tons of South Africa's 66,000-ton order for steel rails have been awarded to Canadian manufacturers, is confirmed here. The business is being divided equally as between Dominion Steel and Coal Corp. and Algoma Steel Corp.

This business is not regarded as "New" in the ordinary sense, as both companies have handled South African business in the past. Ordinarily the present order would have been placed earlier in the year, so that coming at this time it does not do more than take up the slack.

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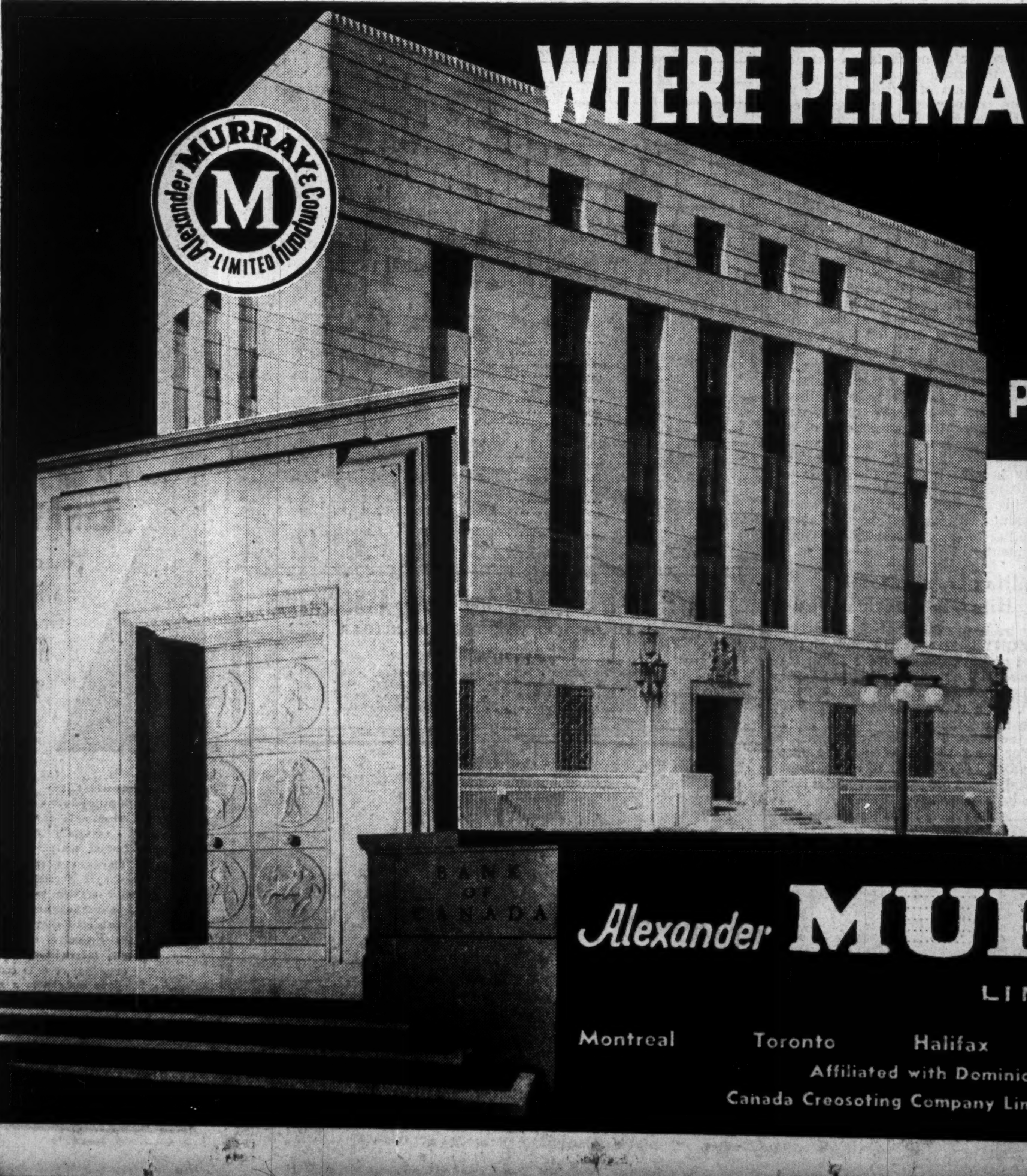

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[39]

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Textile Ups and Downs

Probes and Protests Form Constant Check On Investor Interest

By A. D. ELLWOOD,
Investment Editor, The Financial Post

Everybody buys textiles in one form or another. We all use them. This is a strong point for the industry. Its product goes into consumption steadily and only to a small extent is it recoverable and usable again.

In addition, industry uses large quantities of textiles. The newsprint industry uses its "dryer felts." The rubber industry is one of the largest users of cottons and is starting to use rayon. Tarpaulins and tents are used to protect goods from the elements. Awnings are in everyday use.

These two classes of demand—consumer and industrial—form one of the strongest arguments in support of the premise that the textile industry will weather whatever storms may beset it. And it has many of these. Prices for its raw materials, only a small proportion of which are native to this country, are largely beyond its control. Judging from statements of its leaders, it is an industry that has to have a substantial measure of protection to prosper in Canada. This makes it vulnerable to political attack, as arose from the recent Turgeon probe. Its labor policies, admittedly improving rapidly, have not been beyond reproach.

Not Most Popular

Textile stocks cannot be classed among the most popular of Canadian investments. In this it seems that the companies themselves are partly at fault.

It has so long been the custom for leading executives of textile concerns to voice complaint in any public utterances that the textile industry in this country has come to be regarded as one that is oppressed and devoid of investment attraction.

This attitude, however, while it may account for the inactivity and disappointing performance of many textile securities, is not wholly justified. There are exceptions in this as in every other case.

Last year was not a satisfactory one for textile operators in Canada. Partly this was due to generally declining business activity and prices, but it is also true that Canadian operators were in many cases unable to hold their full share of the domestic market in the face of import competition.

Currently, prospects are improving. Survey of a large number of companies shows that business has turned upward for the majority, though perhaps not sharply enough yet to give grounds for expecting better earnings this year than last.

It also seems true that benefit is being derived from a more stable price structure. Last year was a period of sharp decline in such prices as raw wool; this year it has been steady or slightly upward. Raw cotton prices are influenced by the huge U. S. surplus of this necessary raw material and, barring war, there seems little likelihood of Canadian operators having to pay much higher prices for their needs.

A couple of years ago the textile industry was plagued by labor troubles. Strikes were prevalent, with consequent loss to both employees and employers. But concessions were made to satisfy demands from workers and comparative peace has resulted, although it is probable that textile manufacturers have been faced with higher labor costs as a result.

It is difficult to study the textile industry as one group. It really consists of a number of varying branches, partly interdependent but also influenced by conditions applying to their own section.

An illustration is the rise of rayon and artificial fibres in the past 10 years. This might be classed as a growing industry which has been able to reach new production peaks for some years past. But this gain has been, at least in part, at the expense of other divisions of the industry. The total textile market has hardly proved capable of expansion at such a rate as to permit the rise of a new division without some readjustment.

Public Interest Limited

Many textiles companies which are among the more important producers are largely controlled by a few individuals and public interest is small. This also makes for inactive markets.

There are a number of textiles concerns, long established and with excellent records of dividend payments behind them, that merit attention from investors. Many of the larger operators, including Dominion Textile, Canadian Cottons, Cosmos Imperial and others, have established strong financial positions that enable continued payment of dividends throughout depression years. Others have not been so fortunate, again emphasizing the necessity of careful selection for the prospective investor.

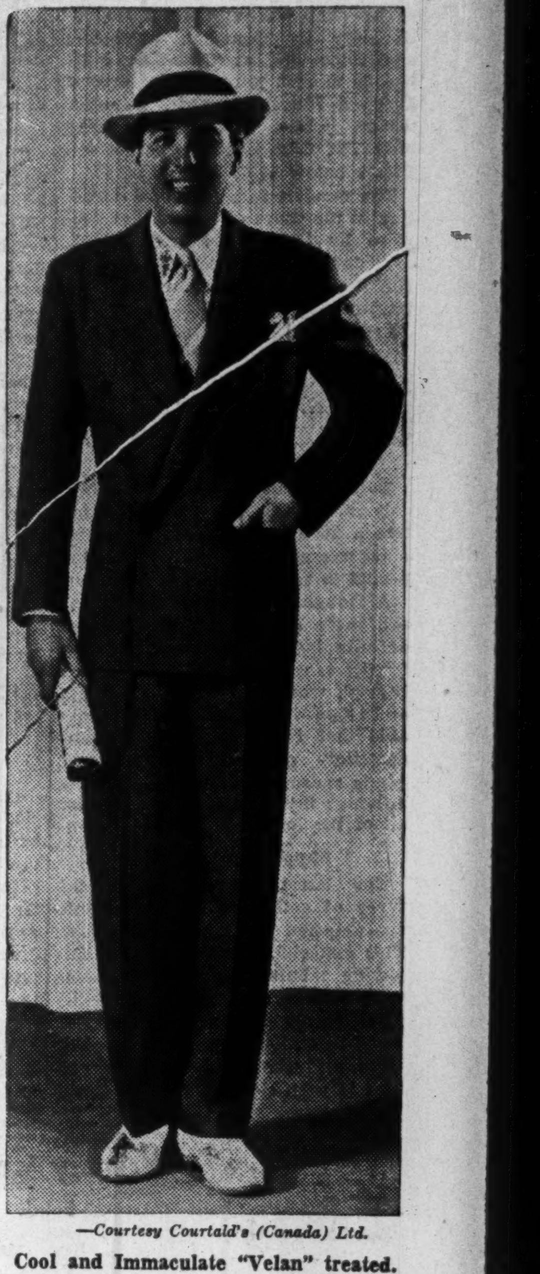
Most of the companies have been subject to numerous tariff changes, large and small, over the past eight or ten years. Frequently these changes are the result of prolonged negotiation and talk for many months prior to any actual change, though naturally the stock market has been affected. Examples are the recently signed treaty with the United States. All of this has made any long-term planning difficult for the companies. Actual effect of the tariff changes frequently depends on business conditions in the countries involved. Depressed conditions such as prevailed most of last year can result in distress selling and a disturbed market for Canadian producers.

Some Good Yields

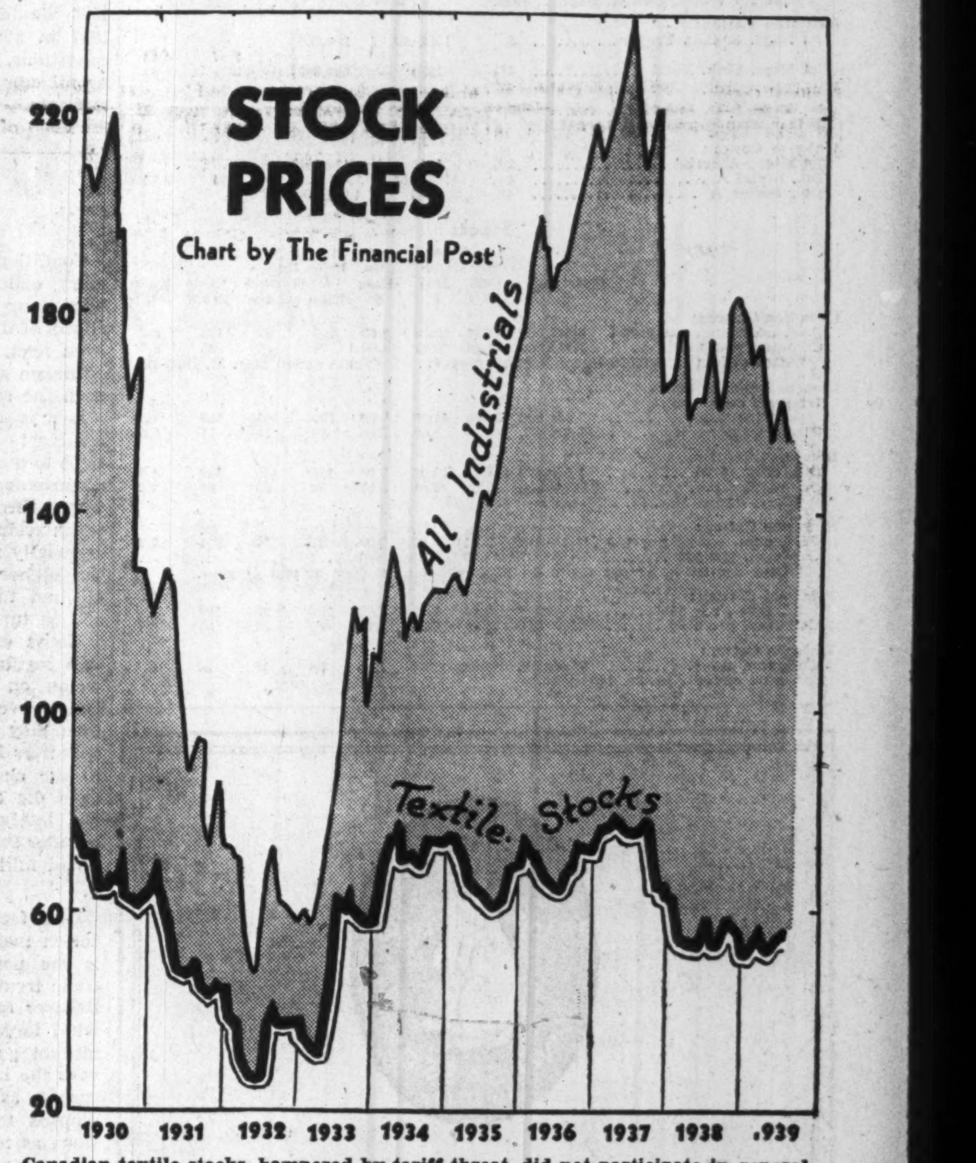
Good yields are obtainable from many textile stocks where there is reason to expect continued returns to investors. As illustrated by a chart accompanying this issue, textile stocks have lagged behind in the recovery from the depression of the 1930's in relation to general industrial stocks. The reasons appear to have been pretty much as stated—lack of speculative interest; emphasis on unfavorable aspects of problems; competition from outside sources; higher labor costs and actual or rumored tariff changes.

At the same time this is an essential industry, dealing in goods that go directly into consumption and one that appears pretty well deflated. It is more than possible that better times are ahead. As shown from the following tabulation, price changes from a year ago are mostly small and prevailing yields attractive.

	Issue	Price: Year ago	Price: Current	Yield %
Acme Glove	Com.	5	3	..
Belding	Com.	100	90	4.4
Do.	Pfd.	131	140	5.1
Biltmore	Com.	9	8	6.2
Bruck	Com.	3⅜	3	..
Celanese	Com.	13½	16	6.3
Do.	Rts.	18	20	5.0
Do.	Pfd.	96	108	6.7
Can. Converters .	Com.	10	7	..
Can. Cottons	Com.	70	65	6.2
Do.	Pfd.	108	103	5.8
Cosmos	Com.	20	17	5.9
Do.	Pfd.	102½	103	4.8
Dom. Textile	Com.	70	63½	7.8
Do.	Pfd.	144	152	4.5
Ham. Cotton	Pfd.	32	27	7.4
Harding Carpets .	Com.	3	3½	5.6
Mont. Cottons ...	Com.	50	35	5.7
Do.	Pfd.	96	100	7.0
Penmans	Com.	47	38¼	7.9
Do.	Pfd.	124	125	4.8
Regent	Pfd.	20	17	..
Riverside	Com.	24	25½	7.4
Wabasso	Com.	16½	16	6.2
Woods Mfg.	Pfd.	45	17¼	..
York Knit.	Com.	4	4	..
Do.	Pfd.	100	100	7.0



—Courtesy Courtauld's (Canada) Ltd.
Cool and Immaculate "Velan" treated.



Canadian textile stocks, hampered by tariff threat, did not participate in general stock rise of 1934-1937.

New Fabrics Multiply

Development of Sources For Synthetic Fibres Widens Textile Horizon

—Courtesy Lucien Lelong, Paris.
Colorful fabrics for youthful beauty.

Clothing has been made from cotton, wool or silk for longer periods than history records. And until about 50 years ago these were almost exclusively the only textile materials available.

But that is not the case today. Now we can turn to the dairy cow, the coal mine, lime quarry, salt well, oil well, and, most important of all, the newer sources, to the forest trees for our textiles.

It may have been women's demands for newer and smarter styles in fabrics or just the sheer necessity of the nations that lack sources of supply for the older textile materials, or a combination of these factors and others, that brought about our recent development of new textiles. But whatever may have been the cause, new industries have been created and grown to prosperity and still more are being born.

Many Very Old

Rayon is the most modern of any textile fibre in general use; its base is wood pulp or cotton linters. It is a product of modern science.

Three thousand years ago cotton was being woven into cloth in India. It is the universal fibre.

Silk, produced by the silk worm in forming a cocoon inside of which to transform itself into a butterfly, was woven in China five thousand years ago. It is the fabric of luxury.

The growing of wool and the use of wool for clothing goes back beyond the period of history. It has proved itself the "necessary" fibre.

The weaving of rayon, however, only goes back ten years before the present century. France was the first country to reach important commercial production but has not been able to hold its early lead. Japan started making rayon almost 30 years later but for the past few years has been the world's leading maker, turning out 30% of the total in 1938. Japan is followed by Germany with 24% of the world's total for 1938, the United States with 15%, Italy with 14%, Great Britain 7% and France 4%. No other country produced more than 1% of the total.

Canada started late in the manufacture of rayon, reaching 1% of the world's total production in 1926 with production gains since then merely keeping pace with gains in total world output.

Comparative Ranking of Textile Fibres Production in Pounds
Percentages of World Total

	Cotton %	Wool %	Silk %	Rayon %
1930	82	14	1	3
1931	82	14	1	3
1932	81	15	1	3
1933	82	13	1	4
1934	80	14	1	5
1935	79	13	1	7
1936	80	12	1	7
1937	82	10	..	8
1938	76	12	1	11

Staple Fibre

New as rayon is, there have been changes in processes favored and new types of fibres developed. What appears to be the most important recent development is the production of "staple fibre." This is merely rayon fibres that can be woven and spun rather than merely twisting together separate fibres into a yarn as is done in the older processes.

Increased use of this staple fibre rayon is expected in Canada following the lead of Great Britain, Italy, Germany and Japan. Continuous filament rayon yarns are made from a cellulose base derived from wood pulp or cotton linters, the chemical compound being extruded through a spinnerette with a number of small holes. The fine individual continuous filaments which form the rayon yarn are held together by a slight twist, but there is no spinning process. In making staple fibre rayon the filaments are extruded in the same way. These, however, are chopped into short lengths. The short fibres produced are then spun into a yarn, usually first being mixed with fibres of wool or cotton. The yarns produced from the use of staple fibre have entirely different characteristics to the rayon yarns produced from continuous filaments and give the fabric manufacturers new elements for designs and finishes.

In 1938 world production of staple fibre was up 55%, very nearly equal to the 1938 production of rayon filament yarn itself. In fact it was the growth in staple fibre production that made possible a new high in rayon production in spite of the first decline in rayon filament yarn in 24 years.

To the end of 1938, Canada had no recorded production of staple fibre. Requirements in this country are imported but at least one company, Associated Textiles of Canada, has installed machinery in a new unit at its plant to make staple fibre yarns.

Yarn From Milk

There are other synthetic fibres which are reaching important volume of production. Italy, for example, has specialized in making of "lanital," a casein-base fibre. This fibre was first made in Italy in 1936 and by 1938 production had jumped over six times to 3.7 million pounds. It is thought that "lanital" is not made to any important extent outside of Italy.

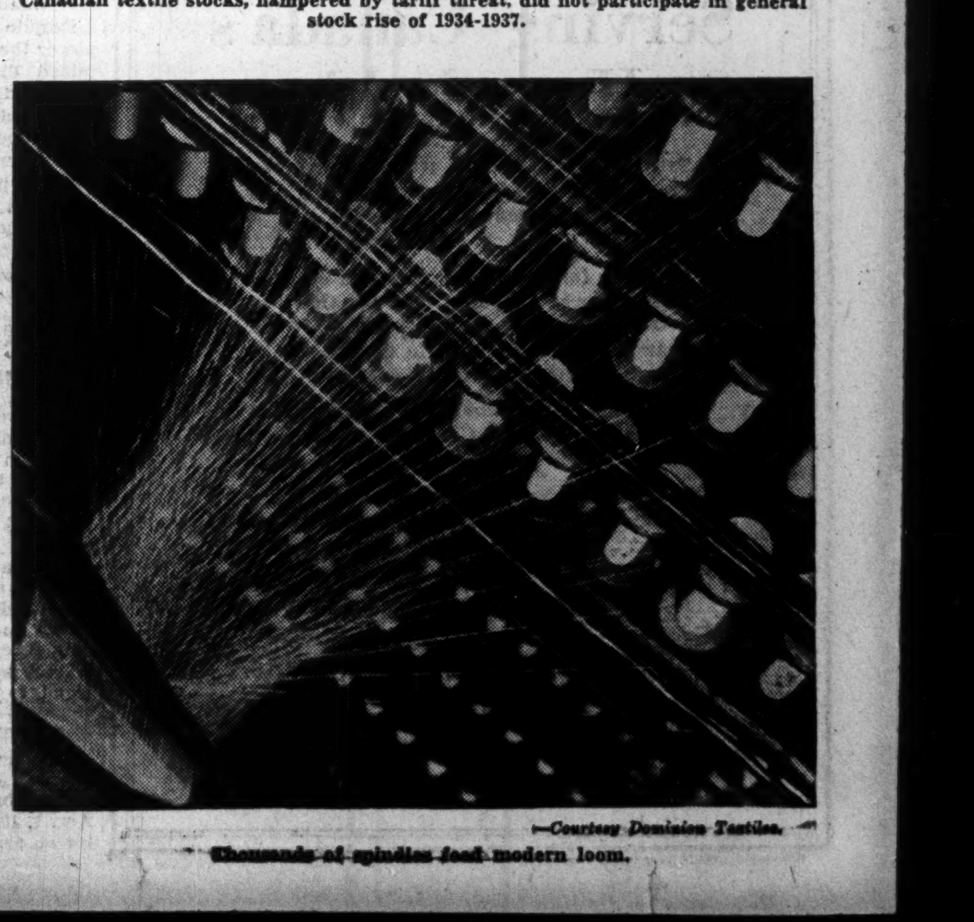
New textile fibres produced from synthetic resins are expected to appear shortly on the market. The first of these, Nylon, a du Pont product, should be in substantial commercial production within a year or 18 months. These products are not "rayon," as rayon is made from a cellulose base, and cellulose is a vegetable product. The base from which the synthetic rayon from which Nylon is said to be made is coal tar, and oil companies are believed to be experi-

(Continued on page 13)

Textile Index

Acme Glove	16	Moodie, J. R.	13
Biltmore Hat	16	Montreal Cottons.	12
Brant. Cordage ..	16	Mercury Mills	13
Bruck Silk	14	Monarch Knitting	13
Belding	14	Ont. Silknit	14
Celtic Knitting ..	13	Paton Mfg.	15
Cosmos Imperial..	12	Penmans	15
Can. Celanese ...	14	Regent Knitting..	13
Courtaulds	15	Riverside Silk ...	14
Can. Converters..	16	Stanfields	15
Can. Cottons	12	Supersilk	14
Can. Cons. Felt ..	15	Tip Top Tailors ..	16
Dom. Textiles ...	12	Toronto Carpet ..	14
Dom. Woollens ...	15	Tooke Bros.	16
Guelph Carpet ...	14	Woods Mfg.	16
Hamilton Cottons	12	Wabasso Cotton ..	12
Harding Carpets..	14	York Knitting ...	13

Designing a new print at Magog. —Courtesy Dominion Textile.



—Courtesy Dominion Textile.
Thousands of spindles feed modern loom.

Cotton Textiles Face Keener Competition

Heavier Imports and Other Fabrics Take Growing Share of Market

The apparent Canadian market for cotton fabrics in 1938 decreased by 14% from the high record of recent years established in 1937.

The drop in the total supply provided by production, plus imports, was about 47 million yards.

This drop was not shared proportionately by Canadian producers and importers, as Canadian mills lost 40 million yards while imports dropped 7 million yards. In other words, while imports decreased only 7%, Canadian production fell 16½% below 1937.

The result was a further contraction in the share of the market supplied by Canadian fabrics, which, over the recent period, have filled the following proportions of the total demand:

Share of Domestic Market Held by Canadn. Fabrics

	%
1934	74.5
1935	74.1
1936	70.8
1937	70.4
1938	68.2

Trend of Consumption

Total consumption of cotton fabrics in Canada has fluctuated between 26 and 31 yards per capita and averaged 28 yards in the period from 1935 to 1938 inclusive.

Although comparisons are not exact, there appears to have been a definite loss of yardage in cotton fabrics as compared with the period 1926-29, when consumption averaged 34.3 yards per person. It is probable that rayon fabrics have now definitely displaced cotton piece goods consumption to some extent, although this would not account for all of the loss in cottons.

Suppliers of Market

The latest information on the types of cotton fabrics going into consumption in Canada is for 1937. This material, as set out in the following tabular manner, shows the total volume used, divided into the five groups ordinarily used to classify cotton piece goods. The table also shows the relative volume in each class secured by Canadian mills as compared with Great Britain and the United States, but excluding goods from all other countries which are not classifiable in this way.

Candn. Textile Market
Cotton Piece Goods Supply (1937)
(By types & Sources)

	Canada	Grt. Brit.	U.S.	Total
	(000's of yards)			
Grey	81,242	38,658	10,717	130,617
Bleached	34,974	10,506	1,384	46,864
Printed	52,480	7,927	4,119	64,526
Piece, dyed	34,845	13,959	2,593	51,397
Yarn-dyed	37,056	5,317	1,920	44,293

Trend of Production

The total Canadian cotton production for 1938 is estimated at 201 million yards, or 16½% below the 1937 level. In 1934, production reached a figure of nearly 230 million yards. There was a drop of about 20 million yards the following year and an increase to 226 million yards in 1936. The high point of recent years was established in 1937 when 240 million yards were produced.

The trend of Canadian production in recent years by types is set out in the following table. It should be noted the figures on grey fabric are net figures, adjusted to eliminate the duplication in published reports of grey fabrics which later appear again as printed or piece dyed.

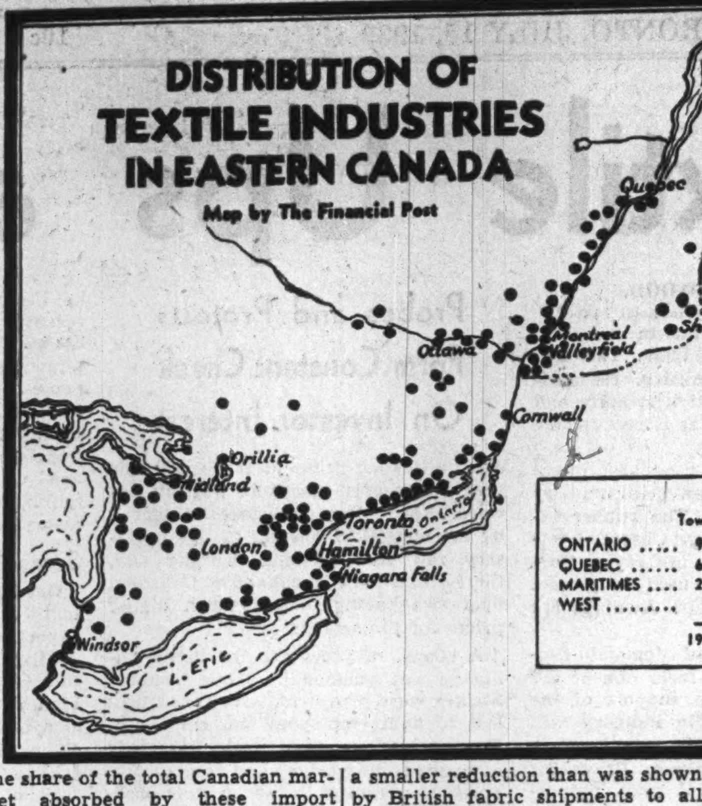
Canadian Cotton Fabric Output

	1937	1936	1935
	—000's of Yards—		
Grey	81,242	74,352	63,661
Bleached	34,974	31,519	32,255
Printed	52,480	47,909	
Piece-dyed	34,845	36,611	114,299
Yarn-dyed	37,056	35,735	
	240,597	226,126	210,215

Imports Are Higher

Canadian imports of cotton fabrics have shown a steady increase both in quantity and in relation to the total market supply. The Canadian imports come principally from Great Britain and the United States, as would be expected from the preferential tariff system in favor of the one country and the contiguity of the other.

Imports from other countries have also shown recent advances, principally from Japan, Belgium, Italy and Holland. The following shows the share of the total Canadian market absorbed by these import sources.



Cotton Piece Goods
Summary of Canadian Imports

	Total Imports	Grt. Brit.	U.S.	Other
	(000's of yards)			
1934	78,296	63,821	12,622	1,853
1935	73,657	59,890	11,874	1,893
1936	93,046	73,725	16,483	2,838
1937	101,228	76,370	20,732	4,126
1938	93,747	64,454	25,828	3,465

U. S. Shows Gain

These figures show clearly that while Great Britain has maintained intact the increased share of the Canadian market secured during the earlier 1932-34 period, the United States and other countries have since steadily improved their position in Canada at the expense of the domestic industry. Of the 6% of the market lost by the Canadian mills from 1934 to 1938, Great Britain secured a further 1%, the United States took 4%, and other countries 1%.

British Gains Noted

British cotton exports to Canada gained appreciably from 1935 to 1937 and still more remarkably when the 76 million yards in 1937 is contrasted with the 27 million yards in 1932. From 1935 to 1937 the chief British gains were in grey and yarn dyed fabrics, with moderate declines in prints, bleached and dyed lines.

It was to have been expected that 1938 would show some drop from 1937 in step with general market conditions, a drop which was shown by all categories of British exports to Canada. But it is significant that the drop of 15% in this market was a smaller reduction than was shown by British fabric shipments to all markets, which fell 27% under the 1937 figure.

American exports to Canada for period of 1935-38 advanced from 17 million yards in 1935 to 21.8 million yards in 1937 and dropped to 16.5 million yards in 1938. In practically every classification, except the grey fabrics, the trend of the United States imports has been downward. Grey goods imported have not dropped below 5.1 million yards for any one year since 1935.

Canadian records of imports are shown in pounds, so cannot be directly related to other data on production and exports shown in yards. They cannot be used with any accuracy to compare with the yardage figures previously used, because of shifts in the unit weight and sources of import. They are useful, however, in that they analyze in a different form the fabric imports, and for this purpose are set out in detail in the following table:

Cotton Fabrics—Types Imported

	1938	1937
	—000's of lbs.—	
Grey	5,130	8,350
Bleached	1,111	1,711
80's to 90's count yarns	48	45
100's count yarns	332	380
Printed	2,568	2,621
Shadow cretonnes	130	134
Piece-dyed	3,964	5,668
Fine gabardines	46	35
Bookbinding cloth	75	61
Yarn-dyed	2,176	1,941
Velours, velveteens & corduroys	939	883
Cut pile filter cloth	9	5
Billiard cloth	2	...
Egyptian cotton sailcloth	6	7
	16,538	21,842

Primary Cotton

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Dominion Textile:					
1st Mtge., A	*4½	1955	4,317,000	†7.58	†10.53
*Called for redemption on Sept. 1, 1939. †Years Ended Mar. 31, 1939-1938.					
Hamilton Cotton:					
1st Mtge. & Coll. Tr. Ser.	3	1939-43	300,000	2.97	4.42
1st Mtge. Sink. Fund	4¼	1950	850,000		
Montreal Cotton:					
1st Mtge. Sink Fund	5	1943	*380,081	17.89	18.19
*All outstanding in sterling, £78,100.					
Wabasso Cotton:					
1st Mtge., A Serial	3½	1940	150,000	3.51	3.24
Do., Serial A	4	1941-48	1,400,000		
Do., Series A	4½	1951	1,000,000		

Stocks

	Outstand. $	Earned per share 1938 $	Earned per share 1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Canadian Cottons:								
Pref. non-cum., par $100	3,661,500	†3.18	†6.20	6.00	109	99	103	5.8
Common, par $100	2,715,500	d3.80	*0.27	4.00	76	63	65	6.2
*After deducting $50,000 to contingent reserve. †Years ended Mar. 31, 1939-1938.								
Cosmos Imperial Mills:								
1st pref. cum. red., par $100	461,000	34.60	41.10	5.00	105	101	103	4.8
Common, n.p.v.	100,000 sh.	1.36	1.69	1.00	24	16	17	5.9
Dominion Textile:								
Pfd. cum., $100	1,940,600	†52.57	†74.32	7.00	158	135	152	4.6
Common, n.p.v.	270,000 sh.	3.28	4.84	5.00	70	55	63½	7.9
†Years ended Mar. 31, 1939-1938.								
Hamilton Cotton:								
Pref. cum. conv., par $30	18,485 sh.	3.82	5.98	2.00	34	27	27	7.4
Common, par $30	20,000 sh.	*1.69	3.69	nil	...	...	...	...
*After deducting $2 per share on preferred outstanding at end of year.								
Montreal Cottons:								
Pref. cum., par $100	3,000,000	9.06	9.53	7.00	106	95	100	7
Common, par $100	3,000,000	2.06	2.53	2.00	40	35	35	5.7
Wabasso Cotton:								
Common, n.p.v.	69,903 sh.	*2.69	*2.66	1.00	20	12	16	6.2
*Years ended Apr. 29, 1939-1938.								

Primary Producers

Conditions look better for the primary cotton producers. No startling change has taken place, but the affairs of the industry are on a more even keel, giving rise to a greater optimism among operators than has been the case for some time.

Last year they had more than one trouble to face. Frequent interruptions to plant schedules due to labor disturbances; enforcement of higher wages through government regulations; restrictions of hours of work, especially in the Quebec mills; and the higher cost of doing business, all had their effect on operations and in turn operating profits.

Hours of labour and wages are still regulated; imports continue to weigh on the market. But these factors recently are less disturbing than they were a year ago and the operators have adjusted themselves to the changed conditions. Moreover the demand for cotton goods has lately developed on a much broader scale, permitting a stepping up of mill activity.

Trade Treaty

One factor which is giving the cotton manufacturers some concern is the possible effect of the new trade treaty with the United States. Returns for May indicated a somewhat larger share of the Canadian market going to the States. However the industry is not unduly disturbed as sufficient time has not elapsed to permit definite conclusions as to the effect of the treaty.

Maintain Dividend Rate

Despite a falling off in earning power the operators last year maintained dividend disbursements to shareholders. This they have been able to do because of the surplus income built up over more prosperous years. Taken as a group the amount paid in dividends by the operators last year exceeded their actual income, but the draw-down from surplus did not make any appreciable difference to their liquid position.

Hamilton Cottons

Because of lighter demand for cotton goods, sales and earnings of Hamilton Cotton Co. in the year to date are moderately down from the corresponding period in 1938, the company reports.

Lower profits in 1938 were also directly attributable to a drop in the volume of products manufactured and sold, according to Alan V. Young, president, in the company's annual report. Net profit in 1938 was $70,688, against $111,779 in 1937, or equal to earnings on the common stock of $1.69 a share and $3.69, respectively.

Regular quarterly dividends were resumed on the $2 cumulative preferred shares, of $30 par value, on Apr. 1, 1935. On Apr. 1, 1938, an extra on arrears of 50 cents was paid. At July 3 arrears amounted to $6 a share.

Refunding operations carried out in 1938 lowered interest charges on funded debt. The company replaced $724,000 of 5½% bonds and $85,000 secured notes of Trent Cotton Co., a subsidiary, with $300,000 of 3% serial bonds and $850,000 of 4¼% sinking fund bonds. The former mature Aug. 1, 1939-43, and the latter in 1950. All costs of the new financing were written off. Balance of proceeds was to be used for additions to plant and equipment.

Working capital since 1934 has shown steady improvement.

Mills are operated in Hamilton and Trenton, Ont. The company spins its own yarns and does custom work in dyeing and bleaching.

Dominion Textiles

Volume of business of Dominion Textile Co. since the beginning of its current fiscal year on April 1 last has shown an appreciable improvement over that for the same period a year ago. The number of orders and volume of business booked during June, for example, was well ahead of June last year.

At this time prospects are that conditions throughout the fiscal year will be better than in 1937-38 though it should be remembered that changes in this industry come about rapidly.

With the improvement in sales, plant operations have been increased. Currently the company's plants are operating at about 80% of capacity on the basis of a single shift. This is the best level reported in some time, though it is still far below the company's effective capacity.

Trade Conditions Better

Trade conditions have shown a steady improvement of late. Retail demand for cotton goods and mixtures has held up steadily, while dress manufacturers and other processers report considerable activity. Imports continue to weigh on the domestic market, but the situation in this respect is not any worse than it has been in the past. The effect of the new trade treaties has not become evident as yet, though the May trade returns indicated a somewhat larger proportion of the domestic market going to foreign mills.

The company has announced two developments of interest to the shareholders. A contract has been let for the construction of a new raw cotton storage warehouse in Montreal at a cost of $250,000. It is expected that work will start immediately and the building completed within the course of the next few months.

Call in Bonds

The other development is the calling of the existing 4½% bonds and their replacement with a new issue carrying a lower coupon. The new bonds do not differ from the old ones in respect to security or as to payment of principal and interest, the latter being in Canadian funds only. However, whereas the old issue was a long-term basis, the new issue is being divided into two groups. Of the $4.5 millions of bonds to be issued, $1 million will be 10-year serials carrying a coupon rate of 2¾%, while the balance of $3.5 millions will be 20-year 3½% bonds.

A saving in interest charges will result from this transaction. Whether any additional revenue will be available on the capital stock depends upon the terms of the sinking fund attached to the new serial and long-term bonds.

During the year ended on March 31 last the company found conditions somewhat difficult and earnings on the common stock dropped to $3.28 a share compared with $4.84 in the previous year. The dividend rate, on the other hand, was unaffected owing to the strong cash position of the company.

In his report to the shareholders Sir Charles Gordon, president, pointed out that volume of sales was down by 18% from the preceding year. Wide ranges of goods, and more particularly bag cloths and prints, are sold at unprofitable prices throughout the year. The company, he said, had the option of taking this business at unprofitable prices or of seeing it go elsewhere with a consequent further loss in operations and employment in the mills.

"We are forever trying," Sir Charles said, "to reduce the production cost represented in the sale price of our goods by improvements in machinery and manufacturing methods, so that those prices may be more competitive and permit us to obtain more business for our mills while maintaining or increasing the general level of wages."

Montreal Cottons

Sales of Montreal Cottons Ltd. in the current year have shown a moderate improvement. During the first two months of 1939 the dollar value of sales was $975,000 compared with $902,000 for the like period of 1938.

While this is an encouraging trend, still the outlook is not altogether clear. Tariff changes on cotton goods in the Canada-U.S. trade treaty may affect future sale of a number of the company's principal lines. The heavier cuts apply on fine dyed goods, of which the company has been producing in the neighborhood of 5 million yards annually. Just how the treaty will affect the company is indeterminable at this time.

More Rayon Goods

In discussing changes and trends in the company's operations, G. B. Gordon, managing director, reports a decrease in the proportion of manufactured goods containing cotton only. This was 76.1% of the total output in 1938, against 79.4% in 1937 and 81% in 1936. In the last four years the percentage of cotton goods dropped from 86% to 76%.

This change is matched by the corresponding growth of output of goods containing rayon. Last year's production included 2.82% of rayon and cotton mixture, 9.98% of strong filament rayon, 3.09% of tapestry goods and over 8% of spun rayon. The latter is showing a steady increase. There was no spun rayon in 1936; in 1937 it amounted to 4% of the company's total output; it was 8% in 1938 and 10% in 1939.

Last year sales of the company were down $698,560 from the 1937 total, but the amount paid out in wages was $1,704,090 as compared with $1,718,274 the year before. These wages were spread over some 2,500 employees, many of whom work only part-time due to shortage of orders.

Earnings of the company were well maintained last year, gross income amounting to $670,864 as against $672,969 in 1937. After pro-

(Continued on page 15)

MONARCH-KNIT

Knitted Outerwear
for Men, Women and Children
Debutante Full Fashioned Hosiery for Women
Men's Silk and Wool Socks
Seamless Hosiery for Women and Children
Hand Knitting Yarns

The Monarch Knitting Company, Limited

Factories at
Dunnville, St. Thomas, St. Catharines
Head Office: Dunnville, Ont.
Branch Offices:
Toronto, Hamilton, Ottawa, Winnipeg, Calgary,
Vancouver, Moncton
also
The Monarch Knitting Company of Quebec Limited
Confederation Building, Montreal

TRADE MARK "WABASSO" REGISTERED

Serving Canada's Households

Trusted and familiar wherever cottons are used, the white rabbit trade mark of Wabasso represents more than just a product.

It stands for a great organization of 2,400 skilled workers, for an industry that has marched forward steadily for over 30 years, for an adherence to quality workmanship before all other considerations.

Wabasso's white rabbit trade mark is the symbol of one of Canada's outstanding enterprises.

Manufacturers of
Sheets Sheetings Printed Cottons
Slips Pillow Cottons Broadcloths
and a wide range of unbleached cloths for industrial purposes

The WABASSO COTTON COMPANY, LIMITED
THREE RIVERS, QUE.

RAISING the STANDARD

In a world full of doubt and uncertainty, rumours and threats of war, Canadian Celanese Limited goes about its business of raising the standard of living in Canada by creating newer and better fabrics to make you better dressed, more comfortable and better off.

Chemists at Drummondville are ceaselessly striving to improve methods of production so that we may make a better article at a lower cost to you. Technologists are scouring the markets for new ideas to make the woman and man of Canada the most up-to-date in the world.

And all the time, through periods of slump and peaks of demand, almost three thousand Canadian workers are kept constantly employed at Drummondville preparing for the coming season and supplying the current demand. Our maxim is steady employment to workers and constant service to the community, and our object is to raise the already high standards of living in Canada.

CANADIAN CELANESE LIMITED

Makers of Quality Fabrics

Knit Goods Makers Expect Better Business

See Better Demand Following Good Wheat Crop

Somewhat better results have been experienced by manufacturers of knit goods in the current year than other sections of the textile industry. Some of the companies in the division have reported more satisfactory earnings than those of last year. A more optimistic sentiment prevails regarding business for the remainder of the year.

Strongest basis for optimism is the increased prosperity for western Canada, which seems imminent at this time. It is felt that more normal conditions in that area will be reflected in better sales.

High price for silk is one of the unfavorable factors in the picture. This is likely to have an adverse effect on sales of pure silk products. On the other hand, prices of wool and cotton have been relatively stable during the year.

This latter fact is well illustrated by D.B.S. figures for 1937. In 1937, the last year for which complete figures are available, the Dominion Bureau of Statistics reports that there were 180 separate establishments classified as hosiery and knit goods manufacturers. These organizations had a total invested capital of $52.3 millions, employing more than 20,500 persons. Gross value of production totalled $53.6 millions.

Careful testing of textile dyes and other chemicals is essential. Photo shows chemist at work in the Magog plant of Dominion Textile Co.

Mercury Mills

Mercury Mills, Ltd., Hamilton, was able to hold its business for the first five months of the current year on approximately the same level for the corresponding period a year ago. Current orders were reported to be coming in good volume, but a lack of forward buying has been noticeable.

Raw silk prices have advanced sharply recently, and selling prices have not yet been adjusted to reflect the increased costs. Trade agreements with the U.S. and U.K. have had no appreciable effect on business, the company reports.

In 1938 the company was able to reduce its net loss by a small amount to $25,594. Net loss in 1937 was $37,148 and losses have been recorded in many previous years.

Bond interest has not been fully earned after depreciation since 1929, but has been paid regularly. Sinking fund is in arrears from 1933. There are $1.3 million of the bonds outstanding. Dividends have not been paid on the 6% preference stock, of $100 par value, since 1930.

Mercury Mills manufactures a wide range of knitted goods, the major part being wool, cashmere and silk hosiery and underwear. Plants are located at Hamilton, and Listowel, Ont. The latter plant is owned and operated through a wholly-owned subsidiary, The P-K Mills Ltd.

Monarch Knitting

Current sales and earnings of Monarch Knitting Co. have shown improvement from those of the corresponding period of 1938, it is officially stated.

Because of improved outlook in western Canada the company is looking for an acceleration of the improvement. In June sales were up approximately 6% over the same month in the previous year.

In 1938 the company experienced unsatisfactory business conditions and labor difficulties which reduced earnings. A net loss of $57,433 was incurred during the year, in comparison with a net profit of $24,009 in 1937.

Because of this unfavorable showing the company deemed it advisable to defer dividends on the 7% preferred stock, after the payment of $1 a share on April 1, 1938. Although not fully earned during the past two years, the full 7% dividend has been paid. Arrears at the end of the year amounted to slightly over $56 per share.

Celtic Knitting

Sales and earnings of Celtic Knitting Co. in the first six months of the current year were reported moderately lower than in the same period of 1938. Recently, however, business has shown some improvement and the management is hopeful that results for the entire year will be somewhat better than in 1938. An adverse factor with which the company has had to contend in addition to lower sales has been the higher price of silk.

Celtic Knitting Co. manufactures women's, children's and men's silk, silk and wool, and cashmere hosiery It sells in the domestic market only.

Profits Up In 1938

Operating profit of the company in 1938 amounted to $23,865 as against $16,811 in 1937. Provision for depreciation was increased from $11,755 to $17,685 and $1,329 was set aside as a reserve for bad debts. As a result, net profit showed only a very small increase to $1,201.

Earnings of the company in recent years have been limited, amounting to only a few cents a share on the company's capital stock. The company has been able to maintain its working capital, which at the end of 1938 amounted to $58,273 as compared with $49,425 in 1937.

Regent Knitting

Regent Knitting Mills expects to make a better showing in the current year than in 1938 as a result of steps taken to increase efficiency and effect savings in expenses.

Volume of business this year to date has been about the same as in the corresponding period of 1938, but earnings are better, due to economies which have been effected. For the entire 12 months of 1939 the company hopes to have slightly better volume than in 1938. A favorable factor has been improvement in prices.

Sales of the company declined 21% in 1938 and gross profit from operations dropped from $467,085 in 1937 to $213,523. Though provision for depreciation was cut by more than $40,000 to $37,000, the company had a net loss on the year's operations of $116,744 as against a profit of $56,162 in 1937.

Inventory Position

Inventories were reduced last year by 25% to $741,056. It is the object of the management to reduce them by another $100,000 during 1939.

Because of the decline in wool prices it was necessary to reduce the inventory values at the end of 1938. Expectations are that the situation in this regard will be considerably better in the current year, as prices have shown a rising tendency. At the annual meeting of shareholders early this year, C. G. de Tonnancour, president and managing director, stated that stability of world prices would result in an improvement in the company's position of about $60,000.

J. R. Moodie

J. R. Moodie Co., with head office in Hamilton, manufactures underwear and knitted goods. It does not publish a financial statement.

There are authorized and outstanding 30,000 shares of common stock, of no par value. Funded debt consists of $491,000, 6% first mortgage sinking fund bonds, series A, due July 1, 1948, and callable at 101 to 1943 and 100 to 1948.

York Knitting

Sales of York Knitting Mills Ltd. in the first half of the current year were a little better than those of the same period in 1938, The Financial Post is informed.

In 1938 the company experienced a decline of 16% in sales volume from 1937. Conditions in the industry remained competitive, Sir James W. Woods, president, stated in the annual report.

The company completed its first full year of operations in its present form in 1938. Consolidation of York Knitting Mills and Zimmerknit Co. was approved by shareholders on June 23, 1937.

Net profit for the year was $85,052. In 1937, net profit of $64,067 was shown, but operating results in that year are not directly comparable, because results of certain companies were included for a five months period only.

Earnings were equal to $18.90 on the two classes of preferred stock in 1938, and 23 cents on the common. Dividends on the two preferreds are paid regularly at the full rate of 7%. Nothing has been paid on the common stock since 1930.

The merger of the companies into the present corporate entity is expected to be of considerable benefit.

New Textile Fabrics Multiply

(Continued from page 11
menting with synthetic resin for the same purpose produced from mineral oil.

It is expected that during the next 12 months enough Nylon yarn will be produced to replace about 10% of the silk yarn used in the United States in full-fashioned hosiery. The forecast as to the price of Nylon hosiery, until the new plant which du Pont is building is completed and is in operation, is $1.35 a pair for 45 gauge stockings and $1.65 a pair for 51 gauge stockings.

"Nylon," according to the reports, may be dull, lustrous or semi-lustrous. Another characteristic is rapid drying after laundering, leaving stockings smooth and free from wrinkles as before. Stockings are given a special "pre-boarding" and heat treatment so they will retain a permanent shape.

Results of consumer surveys in the U. S. have shown that the average silk stockng is worn 14 times. It is claimed the sheerer Nylon stockings last longer. One objection is a slighly clammy, or metallc, feel.

In addition to hosiery, other uses claimed for Nylon are knit goods of many kinds, woven dress goods, bathing suits, underwear, bead cord, fishing lines, sewing thread, draperies and upholstery. Actually the only Nylon product now on the market in commercial quantities are bristles used in brushes for teeth, fishing lines and leaders. This is because only an experimental plant is yet making Nylon. A large plant is now under construction and will be ready early in 1940. After this period distribution of the new products will start.

Another Chemical Textile

Union Carbide & Carbon Corp., another U.S. chemical concern, has a synthetic fibre of its own called Vinyon. Unlike du Pont, Union Carbide plans to sell the chemicals with which to make its new Vinyon to other manufacturers where du Pont makes the yarn itself. Vinyon is made from vinyl resin, compounds of which are derived from lime, coal and salt. According to information filed with the patent application, Vinyon is not quite as strong as silk but possesses practically the same degree of elasticity. The yarn can be woven or knitted into bathing suits, waterproof clothing, fireproof awnings, curtains, hosiery, fishing lines, nets and seines, acid and alkali resistant clothing, electrical insulation cloth and shower curtains. A feature of the Vinyon is its resistance to attack by acids and bacteria.

These two products are new, so new they have not yet established themselves in actual everyday wear. But they illustrate the progress and possibilities in developing new textile fabrics.

Competing For Same Market

There seems little evidence that the aggregate world needs for textiles have grown to permit these new fabrics to find a share of the market in any one country without displacing some already existent fabric. For example, use of Nylon or Vinyon, or both, in women's hosiery would cut into the largest single market for natural silk fibres. As population grows, prosperity comes or goes, so will aggregate demand for textiles change. Whether or not enterprising manufacturers will be able to persuade the millions of the world's population that are now quite happy in a nude or semi-nude state to wear clothes cannot be foretold although this would probably do a great deal to eliminate the huge U.S. problem of surplus cotton.

These are not all of the possible features that could be mentioned in new developments in textiles. One could go on, for example, to tell about the work the National Safety Council has done in drawing up a list of clothing regulations and suggestions, how asbestos, Cellophane and artificial rubber play specialized parts in filling the world's needs of what can be broadly termed clothing, of how cotton cloth is cut into doilies later to become buffing wheels for use in polishing and many others. The point to be emphasized is that new textiles are being developed and that changes are taking place in one of the oldest and most essential of industries.

Methods have been developed whereby cloth is made water-resistant and crease and stain resistant through treatment with Velan, an English textile finishing agent, handled by Canadian Industries Ltd. in this country. It was this treatment which kept many flags and other decorations crisp and clean during the Royal Visit despite weeks of exposure to weather.

This same method is being used in clothing ranging from bathing suits to men's suits and evening dresses for women. It takes away much of the terror of an accidentally spilled drink or splash. Right now a large oil company is experimenting with the possibility of making work more comfortable for its army of workers by using uniforms made of stain-proof and water-resistant materials, treated with Velan.

Knit Goods

Bonds

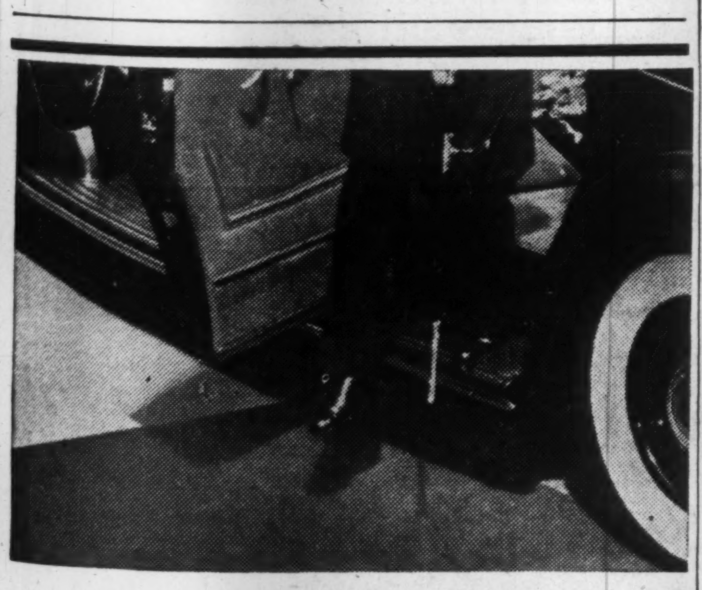
	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Mercury Mills: 1st Mtge., A	5½	1953	1,335,000	0.75	0.49
J. R. Moodie: 1st Mtge., S.F. A	6	1948	491,000	....	....
Regent Knitting Mills: 1st Mtge. Serial	3	1939-43	100,000	nil	4.98
1st Mortgage	4	1952	375,000		
York Knitting Mills: 1st Mtge., Ser. A	3½-4	1939-45	350,000	3.48	5.71
	4½	1952	600,000		

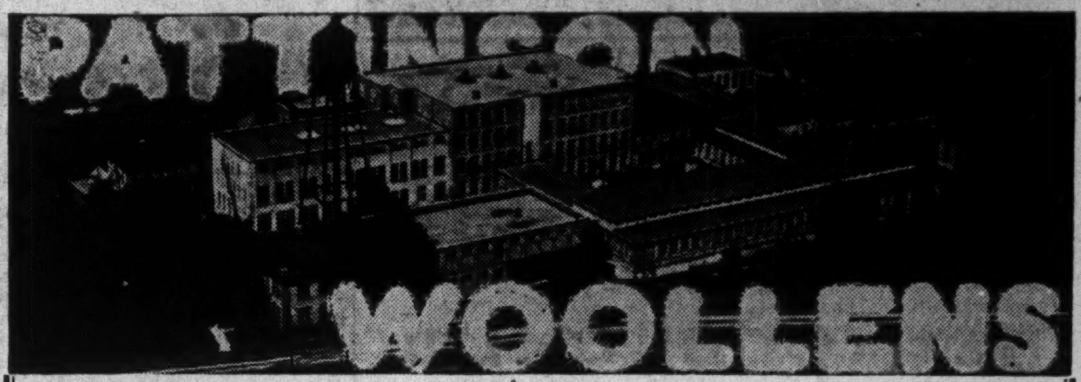
Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Celtic Knitting: Common, n.p.v.	27,000 sh.	0.04	0.04	nil	2	1⅝	1⅝	...
Mercury Mills: Pref. cum., par $100	1,000,000	d2.57	d3.76	nil	19½	5	6½	...
Common, n.p.v.	45,000 sh.	d1.91	d2.17	nil	2½	2½	No sales	
Monarch Knitting: Pref. cum., par $100	750,000	d7.66	3.20	nil	24	19½	20	...
Common, par $100	1,275,000	*d8.62	*d2.23	nil	1	1	1	..
J. R. Moodie: Common, n.p.v.	30,000 sh.	No financial statements available.						
Regent Knitting Mills: Pref. non-cum., par $25	400,000	d7.30	3.51	†	25	17	17	...
Common, n.p.v.	65,009 sh.	d2.19	0.47	nil	9¾	2	2	...
York Knitting Mills: 1st pref., par $100	150,000	18.90	14.24	7.00	100	100	100	7
2nd pref., par $100	300,000							
Common, n.p.v.	229,012 sh.	0.23	0.14	nil	4½	3½	4	...

*After deduction of full year's preferred dividend.

†Passed Mar. 1, 1939.





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"Pattinson Woollens" are known and accepted for their high standard of quality that is constantly dependable—from year to year. Our mills at Preston are commonly recognized as the most modern and best equipped in Canada. Uniform weaving, superior finish, up-to-date patterns and colours as well as the use of quality yarns are features of "Pattinson Woollens."

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Overcoatings Topcoatings Tweed Suitings Mackinaws

LADIES'

Cloakings Blanket Cloths Polos Tweeds

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LIMITED

PRESTON *Established 1870* ONTARIO

HARDING CARPETS

Harding Carpets feel a deep sense of privilege in that their product, along with that of other Canadian Carpet manufacturers, played an important part in the welcome of Their Majesties to Canada.

News reports, broadcasts and photographs depicted constantly the fact that carpets, usually red, were laid for Their Majesties' reception throughout the tour. Probably no other item of furnishing had such frequent mention.

For Royalty, for public service, or for private use Canadian-made carpets measure up to every requirement of quality and style.

The industry in Canada gives direct employment to over 1,200 Canadian citizens and by the use of large quantities of Empire raw materials assists in promoting Imperial trade.

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HARDING CARPETS LIMITED
BRANTFORD, ONTARIO
TORONTO - MONTREAL - VANCOUVER

$3,000
INVESTED IN PLANT
for each
DOMINION TEXTILE EMPLOYEE

Back of each Dominion Textile employee there is an investment of $3,000 in lands, buildings and machinery. This investment makes possible for each employee the job which he holds in the Company. The investment creates the job by providing the tools. Without constantly improved tools or machinery the employee would have no job, because only by using the most up-to-date methods of production can goods be manufactured to compete against the products of United States, Japanese and other outside mills.

The money invested in Dominion Textile is not buried in the ground or locked up in a vault. It is at work in the form of buildings and machinery which make jobs for seven thousand men and women.

Canada is a high wage country in the textile world, according to the International Labor Office, Geneva.

Textile, Iron and Wood are the only Canadian industries employing over 100,000 workers.

Textiles provide employment for one in every five Canadian industrial workers.

Textiles pay the third largest wage sum of all industries in Canada.

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THE HAMILTON COTTON CO. LTD.

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Spinners of

• GOOD COTTON YARNS AND MANUFACTURERS OF CORDAGE •

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PRODUCED IN CANADA BP

Resilient TILE FLOORINGS

...COLOURFUL RESILIENT..FIRE-RESISTING..WATERPROOF

Special types in 3/16" and 3/8" for wood sub-floors. All types, for smooth-finished cement sub-floors. Installed by B.P. Approved Flooring Contractors.

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MONTREAL WINNIPEG TORONTO SAINT JOHN HAMILTON HALIFAX

Plants Located at:

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Manufacturers of

FINE WORSTED AND WOOLLEN SUITINGS.

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See Gains for Silk Group

Recent Business Not Uniform For all Firms

Experience of firms engaged in the real and artificial silk branch of the Canadian textile industry has not been uniform in the current year.

Volume of business offering in the first half of the year was slightly better than last year. Competition was keener and operations continued to be adversely affected by the tendency of merchandisers to purchase only small quantities in view of disturbed business conditions.

Present indications are that this branch of the industry will have a fair year, and in case of some concerns there may be marked improvement.

Silk Industry Expands

An outstanding feature of the textile situation in Canada during the depression years was the spectacular expansion of the silk industry at a time when most industries were experiencing a shrinking demand. Last year production of the silk industry, along with that of other branches of the textile industry, declined.

Annual advances were recorded by the silk industry up to 1936 when a slight decline was reported. Production resumed the upward trend in 1937, but last year another setback was experienced, due to a decline in business generally. The industry in 1937 stood above the 1929 level by 21% in capital invested, 134% in the number of employees, 38% in salary and wage payments, 72% in the cost of materials used and 93% in the gross value of production.

Real Silk Loses Out

Expansion of the industry in Canada came with the declining importance of real silk and the increasing importance of artificial silk. Slowly but surely real silk has been replaced by artificial silk. About the only important use remaining to real silk is the manufacture of silk stockings, and even this outlet for real silk is now being threatened.

Silk and Artificial Silk

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Bruck Silk Mills:					
1st Mtge., S.F. Gold	6½	1945	418,600	1.09	1.77

Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Belding-Corticelli:								
Pref. cum., par $100	865,300	11.30	11.97	7.00	141	129	140	5.0
Common, par $100	749,500	4.97	5.74	4.00	97	90	95	4.2
Bruck Silk Mills:								
Common, n.p.v.	125,000 sh.	0.01	0.14	nil	5⅝	2⅛	3	...
Canadian Celanese:								
Inc. fund rts., n.p.v.*	79,255 rts.	....	....	....	21	15	20	..
Pref. cum. part., par $100	10,000,000	11.95	12.67	7+†.50	111	88	108	6.5
Common, n.p.v.	260,409 sh.	1.71	1.97	1+.35	20	9	17	5.9
*Issued in settlement of preferred dividend arrears. †Participating.								
Ontario Silknit:								
Pref. cum., par $100	1,000,000	†d15.84	*0.51	nil	19	7½	8	...
Inc. fd. rts.	10,000 rts.	†d22.84	d6.49	nil	...	...	...	...
Common, n.p.v.	40,085 sh.	nil	nil	nil	No sales		No sales	
*After (†before) preferred dividends on Australia Silknit.								
Riverside Silk Mills:								
Class A cum. part., n.p.v.	30,000 sh.	2.63	2.64	2.00	28	21	27	7.4
Class B part. vot., n.p.v.	20,000 sh.	0.95	0.96	nil	...	...	...	...
Supersilk Hosiery:								
Pfd. cum. s. f., par $100	502,500	13.86	9.66	5.00	85	70	80	6.2
Class A cum., n.p.v.	75,000 sh.	0.44	0.29	nil	4¼	4¼	3⅛	...
Class B, n.p.v.	25,000 sh.				4⅞	2	4	...

Ontario Silknit

Ontario Silknit Ltd. manufactures directly and through subsidiaries, lingerie, dresses and other rayon products. Its subsidiaries operate in England and Australia.

To May 10, M. H. Epstein, president, reported that operating results in the Australian and English subsidiaries were moderately better than those for the corresponding period of the previous year. Operations in Canada were on approximately the same level as in the previous year.

In 1938 the company incurred a net loss of $158,398, against net profit of $16,211 in 1937.

Preference dividends due March 15, 1938, were deferred and no payments have been made since. Arrears at the end of 1938 were $7 a share. Nothing has been paid on the income funding rights since the initial $1 payment on June 12, 1937. These rights, valued at $20, were issued early in 1936 to pay off preference arrears up to that time.

Riverside Silk

Riverside Silk Mills, Galt, Ont., produces silk yarns used in the manufacture of ladies' underwear and hosiery, and also in the manufacture of broad silk.

Although interim statements are not issued by the company, it is probable the high cost of raw silk has had an effect on current earnings.

In 1938 net profit was equal to $2.63 on the class A shares and 95 cents on the class B. This compares with $2.64 and 96 cents respectively in the previous year. Since 1934, earnings have been approximately on the same level and surplus has been steadily increased. At the end of 1938 it had reached $511,994.

The company's capitalization consists of two classes of stocks, class A $2 cumulative, participating shares, of no par value, and class B participating stock, of no par value, which is voting. There are 30,000 shares of class A outstanding and 20,000 shares of class B.

Working capital has been relatively stable over a period of years and at the end of 1938, totalled $342,690, against $301,334 at the end of the previous year.

Bruck Silk

Present prospects are that earnings of Bruck Silk Mills for the year ending Oct. 31 next will be materially higher than in the previous year. Sales and earnings this year to date are reported well ahead of the corresponding period of last year.

The company is now reaping the benefits of its policy of diversification of production and development of export trade. Improvement in earnings this year has come from new products introduced last year, and some additional lines more recently advanced. There has also been an appreciable increase in exports through the new sales outlets established in the British Isles, Australia and New Zealand.

Diversifies Production

A policy of diversification has helped to stabilize operations and the company is now less dependent upon the cutting-up trade than formerly. There has been a good demand for the company's new products which include materials for the garment, footwear, upholstering and other trades.

Earnings in the year ended Oct. 31, 1938, were less satisfactory than in the previous year. Gross trading profit declined from $329,953 to $295,722, although provision for depreciation was reduced from $93,876 to $44,924. Net profit for the year amounted to only $1,257 as against $17,169 in the previous year.

Costs Increase

A number of factors affected earnings in 1937-38. This was one of the most difficult years experienced by the textile industry in at least two decades. In addition the company had to contend with increased wages for factory workers, a reduction from 55 to 50 hours per week in maximum working time in its factory, and increased selling expenses.

In regard to the lower provision for depreciation, Isaac Bruck, president, states this was due to the already large existing depreciation reserve and to bring into line the rate of depreciation with other silk mills.

The company continues to enjoy a comfortable liquid position. Working capital as at Oct. 31, 1938, amounted to $727,521 as against $731,454 in the previous year.

Inventories were reduced during 1937-38 from $594,449 to $577,001. This is the first occasion since 1931-32 that a reduction in inventory has been shown.

At present the company is not paying dividends on its common stock and resumption of dividends is not an immediate prospect. As at Oct. 31 last the company had a bank loan of $75,000. Dividends are not likely to be paid until this has been eliminated.

Can. Celanese

Operations of Canadian Celanese are reported much improved over last year. Details of results for the first half year are not available, but it is understood the company earned about $1.20 a share on its common stock compared with 30 cents a share in the same period of 1937.

Earnings of the company in 1938 were somewhat lower than in 1937, profit being equivalent to $1.71 a share on the common stock as against $1.97 a share in the previous year. When compared with results for the textile industry generally, this is regarded as satisfactory.

Operations during the first half of 1938 were substantially below those in the same period of 1937. In the last half of the year, however, earlier declines were almost wiped out, business being stimulated to some extent by new fabrics. Prices were also somewhat firmer.

Plant Working Full Time

The company's plant at Drummondville has been working full time for some months and the outlook for the second half of the year is favorable. Thus, earnings on the common stock are expected to be better than in either of the past two years. Present indications are they will exceed $2 a share.

Canadian Celanese owns sole rights for Canada to the Dreyfus patents for the manufacture of cellulose acetate, artificial silks, fabrics, etc. At the end of this year the company is expected to get into production on a new product to compete with wool.

Canadian Celanese obtains the benefit of all research conducted by the British and American Celanese companies. The British company is understood to have developed a new yarn suitable to use as a substitute for silk in women's stockings.

Recently the company became owner of Canadian rights of the Trubenizing process covering the manufacture of fused collars. It hopes to broaden the market for fused products and expects substantial royalties from these rights.

No Set Dividend Rate

At the present time the company has no set dividend rate on its common stock. In the current year to date it has paid two quarterly dividends of 25 cents each and an extra of 35 cents. Last year the company deferred dividends in the middle of the year, but later resumed payments. Dividends on the common stock in 1938 totalled $1 a share compared with $1.60 a share in each of the two previous years.

Working capital position of the company has shown a steady improvement in recent years. At the end of 1938 working capital amounted to $4.6 millions.

Supersilk

Outlook of Supersilk Hosiery Mills, London, Ont., manufacturers and exporters of silk stockings, would be affected by upsetting of the orderly course of trade with Japan, W. S. Thompson, president, stated in the annual report for 1938.

Substantial rise in the price of raw silk since the end of 1938, may also be considered an upsetting factor, and one which is likely to influence operations in the current year.

In 1938 net profit was the highest since 1931, being $69,649, as against $50,369 in 1937 and $61,000 in 1931. Earnings were equal to 44 cents on the combined class A and class B stock, compared with 29 cents in the preceding year.

Regular dividends at the rate of $5 a share annually have been paid on the new preference stock since the initial dividend of $2.50 a share was paid July 2, 1937. Certificates of arrears, issued in 1937 in settlement of $17.50 a share arrears on the old 7% preferred stock, were outstanding to the amount of $27,547 at the end of 1938. No dividends can be paid on the A and B stock while these certificates are outstanding. In 1938 an increase in production was achieved by building an addition to the knitting plant and installation of additional machinery.

Belding Corticelli

More severe competition was experienced by Belding-Corticelli Ltd. during the earlier months of the year, but sales were reasonably well maintained. An adverse factor in the domestic market was the sharp increase in imports from Japan. In the export field, the company ordinarily does a fairly extensive business in Bermuda and the British West Indies, but the reduction in the British preferential tariff is expected by the management to tend to reduce exports to that market.

Since the close of the company's fiscal year on Nov. 30 last, sales have approximated those of the preceding year. During December, for example, the volume of business was down only 2% from the same month of 1937. Up to the time of tabling of the budget, the trade showed caution in placing orders on the prospect of a reduction in the sales tax and cancellation of the 3% excise tax. The excise tax was removed, but the sales tax remained unchanged. Since then there has been more stability in the market, with no marked change in the volume of business.

Profits Smaller in 1938

During the year ended Nov. 30, 1938, the company reported net profits equivalent to $4.96 a share on the common stock, as against $5.75 a share the year before. Gross income amounted to $315,763 as against $351,945 in the 1937 fiscal year. Net profits were sufficient to cover the regular dividends on the preferred and common shares, with a small surplus carried forward to profit and loss account.

The company continues to maintain a strong balance sheet position. In the 1937 statement, cash, call loans and government bonds aggregated $256,011, while at the close of last year cash and bond holdings totalled $292,669. The company has a moderate inventory position, stocks being valued at $458,820, compared with $538,444 a year ago.

Carpet Companies

Guelph Carpet

Unfavorable conditions that prevailed in the manufacturing of carpets effected operations of Guelph Carpet and Worsted Spinning Mills, Guelph, Ont., in the year ended Sept. 30, 1938. The company does not issue interim statements on its business, but it is probable that its experience in the current year has been much the same as other organizations.

Falling prices for raw materials and reduced demand were the major factors in making the last fiscal year a disappointing one to the company, H. Quarmby, president, stated in the annual report.

Earnings in the 1938 fiscal year were equivalent to $7 a share on the preferred stock, as compared with $19.33 in the previous year. The company has an excellent record of dividend payments and payments have been made on the common stock each year since incorporation of the present company in 1929. On Nov. 1, 1938, $1 a share was paid on the common stock, and similar payments were made in 1937 and 1936.

Working capital at the end of the 1938 fiscal year totalled $693,090, a decline of $74,544 from that of the previous year.

The company, with head office at Guelph, Ont. operates two plants and maintains sales offices in Montreal, Toronto and Vancouver.

Harding Carpet

Business volume of Harding Carpets Ltd., Brantford, Ont., for the first half of the year, which ended April 30, was slightly below that of the same period one year previous, A. E. Cuthbertson, president, reported. Due to lower costs, arising from close supervision of expenses and adjusted raw material inventory, a profit was shown on operations for the period.

In 1938 nearly all of the large carpet manufacturing companies in the U.-S. and Great Britain reported losses or greatly reduced profits, Mr. Cuthbertson states. Principal cause of the shrinkage in earnings was the drastic decline in raw material prices, necessitating heavy write-downs. Because of the write-offs that Harding Carpets made, it is possible to present a more encouraging picture in the first half of the year, Mr. Cuthbertson declares.

At April 30 working capital increased to $391,238. The company retired its bank loan during the period and has been able for some time to finance purchases and capital expenditures from current funds.

The company intends to restore surplus which was distributed in the last two dividends as soon as possible, according to the president. A dividend of 10 cents a share was paid July 3 out of current earnings. This would indicate substantial improvement in earnings, as net profit in the whole of the year ended Oct. 31, 1938, was equivalent to 1 cent on the common stock.

A new spinning plant, installed in 1937, has made possible a considerable reduction in costs.

Toronto Carpet

Toronto Carpet Manufacturing Co. manufactures Wilton, Axminster, Smyrna, Ingrain and other varieties of carpets and rugs.

No financial statements have been published since 1931, and few data are available for publication. Capital structure of the company was reorganized in 1937 to bring dividend and interest requirements into line with current conditions.

The company was originally incorporated with Ontario charter in 1891; reincorporated with a Dominion charter in 1917 and reincorporated with an Ontario charter in 1936.

There is $1 million 6% preferred non-cumulative stock authorized and $832,000 issued, and $1 million of common stock authorized and outstanding. Funded debt consists of $600,000 serial and term bonds, of which there were $500,000 outstanding in April of this year, according to company officials.

Carpets

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Toronto Carpet:					
Serial and term bonds	..	....	500,000	....	....

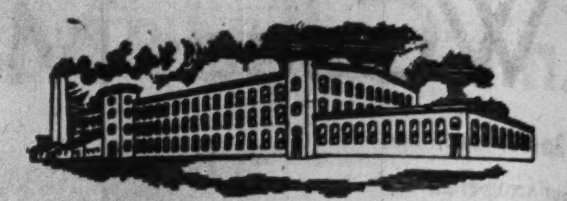
Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Guelph Carpet:								
Pref. cum. conv., red., par $100	500,000	7.00	19.33	6.50	...	...	...	...
Common, n.p.v.	35,000 sh.	0.07	1.83	1.00	...	...	...	...
Harding Carpets:								
Common, n.p.v.	172,513 sh.	0.01	0.39	0.20	4	2½	3½	5.7
Toronto Carpet:								
Pfd. 6% non-cum., par $100	832,000	Not reported		...	...	...	...	...
Common, par $100	1,000,000			...	...	...	...	...

Cotton Clothing Exports Rise

Exports of women's cotton clothing from Canada have shown steady expansion during the past four years. Exports under this classification in 1938 had a value of $612,079, compared with $219,280 in 1935.

Sales abroad by Canadian manufacturers are largely in the United Kingdom and in British possessions.



WINDSOR WEAR

FOR MEN

The Aristocrat of Undergarments

A Complete Range of Underwear in Spring, Summer and Fall Weights, Pure Wool, Wool and Silk, Cotton

Tailored to Fit Properly

Zipper Polo Shirts

EVANGELINE SILK TEX

FOR WOMEN (Reg'd)

A Superior Line of Lingerie for Ladies — Manufactured from the Finest Quality of Artificial Silk

Expertly tailored in authentic styles and colors, assuring the Ultimate in Comfort and Daintiness

NOVA SCOTIA TEXTILES LIMITED

WINDSOR NOVA SCOTIA

For Gifts and Premiums—

Choose Ayers

high quality, all-wool

BLANKETS, OVERTHROWS and TRAVELLING RUGS

Manufactured in Canada at Lachute Mills, P.Q.

Come to VALLEYFIELD and See for Yourself!

In Valleyfield, Quebec, when the plant of The Montreal Cottons Limited is able to run practically full time, between $70,000 and $80,000 in wages is being paid out every fortnight and put into circulation. A town with that inflow of cash is in a relatively fortunate position.

We invite you to come to Valleyfield and see the actual conditions there. Like other towns in Ontario and Quebec where textile manufacturing is providing wages and employment to a large proportion of the population, Valleyfield is a prosperous community, with fine churches and schools, attractive stores and parks and healthy finances.

THE MONTREAL COTTONS LIMITED

Valleyfield Quebec

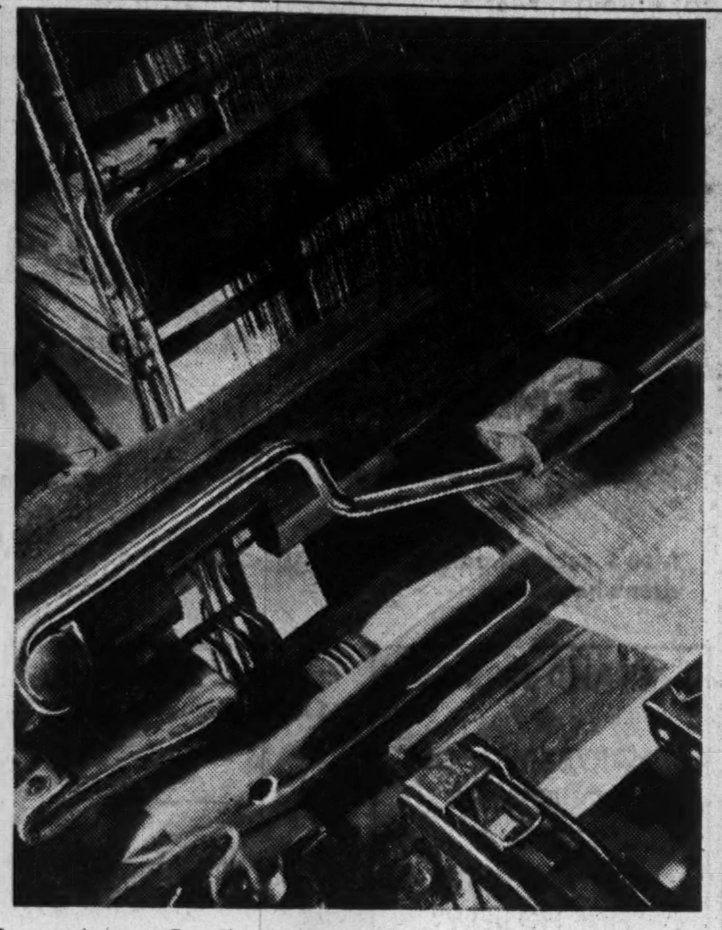
Woollen Goods Meet Mixed Reception

Operations Spotty But General Picture Believed Improved

There has been no uniformity in operating results in woollen goods manufacturers in the current year. Some have reported moderately better shipments than a year ago, while others have operated less satisfactorily. It is felt that results for the whole year will be somewhat more satisfactory than those of 1938.

Competition in the domestic field remains keen, to which may be added the pressure of imports. This latter factor is always a potent factor when weighing possibilities for the industry.

The outlook is enhanced by the relatively stable prices for wool.



In recent years Canadian textile companies have imported millions of dollars worth of new machinery.

Penmans

Operations of Penmans Ltd. are reported to have been on a better basis of late. Up to the end of April the plants were working on an estimated average of about four days a week, but improvement has been noted recently.

While exports contribute to operations and earnings of the company, its welfare depends largely upon the domestic trade. The company operates on a national scale and its diversified line of products includes all kinds of woollen, cotton and silk knitted goods. This gives it a degree of diversification which ordinarily makes for stability of operation.

Expect Average Year

Current indications are that the trade of the company for 1939 will be at least as good if not better than in 1938. Last year sales amounted to $5 millions, a decrease of 18.82% from that reported in 1937. As a result, operating profits dropped from $663,837 to $434,909. The amount available on the common stock was equal to $1.78 a share as against $4.09 a share the year before. However, the company paid the regular dividend on the common stock, without impairing its working capital position which stood at the high figure of over $2.4 millions at the end of 1938.

The company has an established position in the textile industry and has maintained sales at over $5 millions each year from 1932 to and including 1938. During this six-year period, 1938 was the only year in which net profit did not fully cover dividends.

Stanfields

Stanfield's Ltd., one of the larger wool and rayon underwear manufacturers in the Dominion, reports sales on a somewhat lower scale this year than in 1938. Ordinarily the business of the company shows little fluctuation from year to year, and as a result the company has an especially well developed earning power.

Operations are centred at Truro, N.S., but the company maintains a national sales organization. Over a period of many years, its products and trade names have been well-established with the buying public, with the result that there is a steady and consistent demand from year to year.

Finances Are Strong

This strong marketing position has enabled the company to build up an exceptionally strong financial position. At the end of last year assets amounted to $1,710,744. Current accounts totalled $1,180,420; investments $312,171; while fixed assets have been written down to the nominal figure of $218,182. The company has outstanding a funded debt of only $160,000 while current liabilities total less at $131,000. Both these items are covered more than twice over by cash on hand.

Last year Stanfield's reported a net profit available for dividends, but before payment of $4,000 in directors' fees, of $79,723. This was less than in 1937 when the net profit totalled $153,704. However, the amount available was substantially in excess of dividends which require $25,000 annually.

Dominion Woollens

Volume of shipments of Dominion Woollens and Worsteds in the year to date are slightly ahead of the same period last year, The Financial Post is informed and unfilled orders are well up.

Economies resulting from the closing down of the Auburn Mill in Peterborough, and consolidation of operations of this unit into the Hespeler Mill are being reflected in results in the current year.

In 1938 the company experienced a decline in earnings because of reduced demand and highly competitive conditions in the industry. In addition, lower wool prices, decline in the pound sterling and expenses of consolidating the company's operations contributed to the earnings drop. Net loss of $182,796 was incurred on 1938 operations, against a net profit of $521 in 1937.

Bond interest became a fixed charge cumulative from July 1, 1937, and has been paid regularly. On July 1 of the current year, the company made its fourth payment on the 6% first mortgage bonds.

Working capital at the end of 1938 totalled $456,660, against $678,673 at the end of the previous year. Inventories declined to $760,605 at the end of the year from $1.1 million in the previous year, and were the lowest in the company's history. Bank loan was reduced from $561,000 to $457,000.

Can. Cons. Felt

Canadian Consolidated Felt Co., a subsidiary of Dominion Rubber Co., reported a decline in sales in 1938, but the operating profit was about $25,000 better than in 1937.

Sales during 1938 totalled $353,187 and operating profit $15,302. In the previous year, sales totalled $521,037 on which there was a loss of $10,413.

Both finances and operating revenues of this company have been on an unsatisfactory basis for some years. While the company has been operating on a more or less losing basis for some time past, interest and sinking fund payments have been met regularly on the bonds. The latter are guaranteed as to principal, interest and sinking fund by the parent company.

There have been no earnings available on the capital stock for many years. All of the preferred is held, together with a majority of the common stock, by Dominion Rubber Co.

Paton Mfg.

Paton Manufacturing Co. is one of the largest and oldest woollen organizations in Canada. The company is controlled by interests associated with Dominion Textile Co. and because of the limited investment interest, it is not the policy of the management to issue a financial statement regularly.

Some idea of the company's earning power was indicated in a prospectus issued in the early part of 1936 covering the bond issue offered to the public at that time. It was stated that average annual net earnings available for interest, income and property taxes, after providing for depreciation, in the ten years ended 1935 totalled $110,604. This was more than ample to cover interest charges on the company's bonds and preferred stock.

Paton Manufacturing is engaged principally in the production of woollen and worsted cloth of all descriptions, and blankets and rugs. The company also dyes and finishes cloth. As previously mentioned, there is no official information as to the volume of sales, but it is generally recognized that the concern is one of the largest in its particular field.

Woollens

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Canadian Consolidated Felt:					
1st Mtge., S.F.	6	1940	110,500	nil	nil
Dominion Woollens & Worsteds:					
1st Mtge., S.F. Gold	6	1953	1,058,500	nil	*0.35
*Based on full periods interest requirement at 6%; period of 18 months.					
Paton Manufacturing:					
1st Mtge., S.F.	4½	1956	656,000	....	....
Penmans:					
1st Mtge., S.F.	5½	1951	1,722,500	3.09	4.62
Stanfield's:					
Serial 10-pr. (Closely held).	4	....	160,000	....	....

Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Canadian Consolidated Felt:								
Pref. cum., par $100	500,000	d5.88	d10.30	nil	...	...	...	...
Common, par $100	1,500,000	nil	nil	nil	...	...	...	...
Dominion Woollens & Worsteds:								
Pref. non-cum., par $20	63,510 sh.	d2.88	†0.01	nil	...	...	...	...
Common, n.p.v.	85,585 sh.	d3.03	†d1.33	nil	...	...	...	...
†Period of 18 months.								
Paton Manufacturing:								
Pref. cum., par $100	600,000	....	....	7.00	110	100	100	7.00
Common, n.p.v.	10,000 sh.	....	....	...	16	5	5	...
(Both issues closely held).								
Penmans:								
Pref. cum., par $100	1,075,000	14.85	30.53	6.00	130¼	115	125	4.8
Common, n.p.v.	64,518 sh.	1.47	4.09	3.00	55	38	38¼	7.8
Stanfields:								
Common, n.p.v.	10,000 sh.	7.57	13.37	*2.50	...	...	...	...
*Paid Jan. 16, 1939.								

Textile Workers Get Training

Over a Thousand Pass Through New Classes

One of the most recent advances in the textile industry in Canada has been the establishment in a large number of centres of educational classes for mill workers.

During the last two years approximately 1,000 textile mill workers attended educational sessions in Montreal, Hamilton, Magog, Galt, Sherbrooke, Brantford, Drummondville, Valleyfield, Montmorency Falls, Cornwall, Quebec, and Three Rivers.

Organization work of these classes so far has been done by the Federation of Technical Textile Societies and individual textile companies, with the co-operation of the education departments of the Quebec and Ontario governments. Arrangements are being made to co-ordinate the educational work under a joint committee of the Technical and Trade Associations.

These classes are designed to enable interested mill workers to increase their knowledge and skill in processing textile fibres. They were patterned to a certain extent on similar classes which are operated in England. Text books are being prepared.

Courtaulds

For the first half of 1939, sales of Courtalds (Canada) Ltd. have been at about the same level as the corresponding period of last year. Production, however, has been up about 16%. At the moment operations at the company's plant at Cornwall, Ont., have been curtailed from levels prevailing earlier in the year.

Although 1937 saw Courtaulds reach highest level of sales in its history, the company was not able to maintain this record in 1938, a year of generally lower business.

Prices are generally unchanged from a year ago, any small changes that have been made being more in the nature of adjustments to meet conditions in particular lines. There is said to have been considerable "distress" selling of rayon yarns in Canada this year, chiefly from European sources. Producers in that continent have been disturbed by political changes and have been forced to find a market wherever possible and are willing to make substantial price concessions.

New Unit Completed

Courtaulds has completed a new unit containing 50 viscose yarn machines and costing $3 millions. This new plant is now in operation. In part it is planned to use the new plant to replace older equipment although when plans were launched it had been hoped to find enough demand to keep both old and new plants in operation.

Officials of the company point out, however, that per capita consumption of rayon in this country is lower than in many other countries and their plans had been started on the basis that Canadas's needs would grow to make up the lag. This has not yet taken place but the trend of consumption is upward.

There is no public investment interest in Courtaulds (Canada). It is a wholly-owned subsidiary of the British company of similar name.

Primary Producers Reviewed

(Continued from page 12)

viding for senior charges, including an increase in the depreciation reserve, net profits were equal to $271,701, or about $15,000 less than the year before.

The financial position of the company shows a further strengthening. Bank loan was reduced during the year from $236,417 to $91,083, while the funded debt declined about $15,000 to $380,008. The net working capital improved from $1,452,988 to $1,580,020.

Can. Cottons

Operations of Canadian Cottons are reported continuing on a curtailed basis and the immediate outlook does not indicate any marked improvement.

Announced earnings of the company for the year ended March 31 dropped sharply due to a combination of factors. In the first place, consumption of cotton fabrics in Canada in 1938 was 15 per cent lower in yardage than in 1937, and the percentage decline in value was even greater.

The uncertainty in political and business circles the world over made buyers very cautious and purchasing was on a hand-to-mouth basis.

Effect of Trade Treaty

One cause of uncertainty was the fact that revision of the Canada-United States Trade Treaty was pending, which caused cautious buying until its terms were announced. This was followed by increased imports after Jan. 1, when the new treaty came into effect.

Increased competition from imports as a result of the lower duties provided for by the treaty is the principal adverse factor which the company has to contend with at present. Trade figures show that cotton imports have increased. Rates of duty on almost all products manufactured by the company were reduced. Denims, in which the company is particularly interested, were especially selected for low tariff rate.

Sales Up Slightly

Sales of the company in the current year to date have shown a moderate improvement. This is not attributed to a general improvement in business conditions, but to rising prices for raw materials.

Improvement in business conditions would assist the company, despite the increase in imports. A good crop in western Canada might easily have a favorable effect on operations in the latter part of the year. At the moment, however, there is no reason for believing operations will be much better than in 1938-39.

At the annual meeting at the end of May shareholders were told operations were 60% of single shift capacity. As the company for many years operated a night shift, which has been discontinued, this is equivalent to about 50% of what the company had come to regard as normal.

Fails to Earn Dividend

During the past five years the company has paid common dividends of $4 a share. In only one of these years has the common dividend been earned, so the company has had to dip into accumulated surplus to the extent of $621,410. In the 1938-39 fiscal year accumulated surplus was drawn on to the extent of $211,767 in order to cover dividends. In fact, earnings did not cover preferred dividends let alone the dividend on its common.

However, the company continues to enjoy a strong financial position. Working capital has been increased despite the draw on surplus to pay dividends. At March 31 last, working capital amounted to $5.5 millions. Accumulated surplus amounted to $1.7 million.

Cosmos Imperial

In line with decreased demand for cotton products in the current year, sales of Cosmos Imperial Mills, Hamilton, makers of tents, sails, tarpaulins, etc., have declined from the same period in 1938, it is officially reported.

The first half of 1938 was satisfactory, W. S. Burrill, president, stated in the annual report. In the second half a downward trend of operations developed. Sales volume of the whole of the year was slightly under the year's production, while value of sales showed a lowered average return.

Net profit in 1928 declined to $159,504, against $193,176 in the preceding year, equivalent to earnings on the common shares of $1.36 and $1.69, respectively.

In 1929 the company was able to show a net profit of $229,666, which was equivalent to $15.84 on the common shares outstanding. Earnings declined to a low point in 1932. Improvement was subsequently shown and in the past five years net profits have fluctuated in a narrow range.

Working capital rose at the end of 1938 to $978,810, from $925,918 at the end of 1937, but was still below the high point of 1934 amounting to $1,438,365.

Dividends have been paid on the common stock at the rate of $1 a share annually since the quarterly payment of 25 cents a share was made Feb. 15, 1937. An extra dividend of 25 cents a share was paid Feb. 15, 1938.

Wabasso Cottons

Wabasso Cotton Co., one of the major operators in the primary cotton field, reported a slight improvement in gross and net earnings for the year ended April 29, 1939. This was contrary to the general experience of the other operators.

Operating profit for the year was $811,628, an increase of $19,242 over year ended April 30, 1938. Net profit was equivalent to $2.69 a share on the common stock, compared with $2.66 a share the previous year.

The returns were eminently satisfactory in view of the conditions prevailing in the cotton industry last year. However, it should be noted that the level of earnings has not been altogether favorable in recent years. While there was an increase in operating profits last year, the company earned from operations over $900,000 in the year ended May 1, 1937.

During the 1938-39 fiscal year the company paid dividends totalling $1 a share. In the previous year a total of $1.30 was paid, including two extras of 15 cents each. In 1937 a dividend of 50 cents a share was paid, but from 1930 to 1936 inclusive no distribution was made on the capital stock.

Steps were taken by the management in 1938 to strengthen the company's balance sheet position. Shareholders approved a reduction in the book value of the capital stock from $4,192,240 to $2 millions.

The capital surplus thus created was used to write off bond discount and to reduce the stated value of certain fixed assets to an amount more in keeping with what the directors considered to be the true value in the light of present conditions. The write-down did not affect the equity or earnings on the capital stock. Only intangibles, such as bond discount, etc., were written off the balance sheet.

FROM small beginnings, Canada's manufacturing industry has grown to impressive proportions and the growth continues. The capital invested in Canadian manufacturing plants is represented in many instances by bonds and stock certificates engraved and printed by this company.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

The Old Canadian Company *Established 1866*

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CHARLES G. COWAN, *Vice-Pres. & Man. Dir.*
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Cosmos Imperial Mills
LIMITED
Head Office: Hamilton, Ontario

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Selling Agent
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CANADIANS EVERYWHERE AWARD THEIR PATRONAGE AND CONFIDENCE TO—

Penmans

Consistent customer satisfaction enables Penmans to enjoy prestige which can only be gained by manufacturers who maintain the highest standards of quality. Penmans insist upon the finest materials, careful workmanship and leadership in fashions.

PENMANS LIMITED
PARIS ONTARIO

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OFFICERS and DIRECTORS:
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Mills At
PARIS, LONDON, BRANTFORD, WATERFORD, ONTARIO; COATICOOK AND ST. HYACINTHE, QUEBEC.

Converters Mark Time

Tooke Bros.

Outlook for Tooke Bros. Ltd. men's haberdashery makers, is reported to be improved. Present prospects are that the company will have a satisfactory year.

Sales and earnings of the company in the first six months of the year are stated to be ahead of those of the same period of 1938. The company reports a good increase in sales in western Canada and in Quebec, but this has been partly offset by a decrease in sales in the Ontario market.

Operation figures for the first six months of the year show a profit, whereas a loss was shown in the first half of 1938. Several factors in addition to the increase in sales have contributed to the improvement in earnings. In the first place, costs have been lower due to economies which have been effected. Another factor has been better prices.

Loss Last Year

Tooke Bros. reported a net loss in 1938 of $62,493 without making any provision for depreciation. In 1937 there was a net profit of $52,966 after providing $10,000 for depreciation. Final results for the current year will depend upon the trend of sales in the last half of the year.

The company has been able to show a profit in only one of the past eight years, that being 1937. This has resulted in a reduction in working capital from $910,899 in 1931 to $394,836 at the end of 1938. During 1938 the company reduced its inventory from $366,163 to $261,712.

Due to limited earning power in recent years the company has not been able to do anything more than meet interest and sinking fund requirements on its bonds. Dividends on its preferred stock are in arrears from 1931, arrears amounting to $54.25 a share.

Outstanding funded debt of the company at the end of 1938 amounted to only $156,900. This is a reduction of $91,800 since 1931. Fixed charges in 1938 amounted to $11,922.

Can. Converters

Details of results of Canadian Converters Co. in the year ended April 30 last are not available as yet, but it is understood the annual report may show unsatisfactory earnings. Textile converters generally had an off year in 1938.

Difficulties of Canadian Converters in recent years forced the company to stop paying common dividends in the middle of 1937. Net profits have been of small proportions during the past eight years.

Prior to the depression the company paid a dividend of 7% on its common stock. This was reduced to 5% in 1930, to 4% in 1931, to 2% in 1932 and deferred entirely in 1937. Dividends paid subsequent to the 1928-29 fiscal year were earned in full in only one year, that being 1933-34.

Payment of dividends out of accumulated surplus resulted in a reduction in working capital. At April 30, 1938, current assets exceeded current liabilities by $598,378. This compares with working capital of $664,064 in 1932.

Canadian Converters' is engaged in a highly competitive branch of the textile industry. However, changes and economies effected in its manufacturing and selling arrangements have put the company in a position to benefit from any improvement that may follow an upturn in general business.

Woods Mfg.

Woods Manufacturing Co. reports a slight increase in business in the first half of the current year and present indications are there may be further improvement. Sales recently have been better and the company is hopeful of better business later in the year as a result of the prospective large crop in western Canada. Considerable business was secured by the company as a result of the Royal visit, output of flags and bunting showing an increase. Margin of profit was small, however.

Last year was disappointing, though an improvement over 1937. The textile mill of its subsidiary, Empire Cotton Mills, was slack throughout the year and business of the clothing factory at Hull was very adversely affected by the great curtailment of lumbering operations in the woods. The bag business, on the other hand, kept up very well. Operations resulted in a net loss of $49,952, compared with a net loss of $104,291 in 1937.

The experience of Woods Manufacturing since 1929 has been one of ups and downs. Up to 1929 the company had a good record of earnings. Since then results have not been satisfactory. A deficit has been shown in five of the last nine years and in no year since 1929 have any earnings been shown on the common stock. Arrears of preferred dividends total $59.50 a share.

The amount of $82,063 spent on plant improvements in 1938 completed the company's modernization programme. H. Crabtree, president, states, that given a satisfactory volume of business the company's mills are now in a position to produce on an efficient basis.

Converters

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Tooke Bros:					
1st Mtge. S.F.	7	1942	166,900	nil	4.15
Woods Manufacturing:					
1st Mtge., A	3-4	1940-47	360,000	nil	nil
	4½	1952	260,000		

Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Canadian Converters:								
Common, par $100	1,733,500	*0.50	*0.07	nil	10½	4	7	...
*Years ended Apr. 30.								
Tooke Bros.:								
Pref. cum., par $100	585,000	d6.34	d3.35	nil	15	5	5½	...
Common, n.p.v.	8,725 sh.	d15.07	d4.12	nil	3	½	½	...
Woods Manufacturing:								
Pref. cum., par $100	1,528,300	d3.27	d6.82	nil	50	17¼	17¼	...
Common, n.p.v.	17,106 sh.	d9.17	d12.35	nil	...	...	...	...

Miscellaneous Group

Acme Glove

Operations and earnings of Acme Glove Works reportedly continue unsatisfactory, but it is difficult to predict results for the current year. Earnings are largely dependent upon sales in the last four months of the year. This is the heavy selling period and the volume of business placed on the books at that time will determine whether or not the company will show a profit.

Volume of business in the current year to date has not shown any improvement, but there has reportedly been slight improvement in the position of the company. An adverse factor with which the company has had to contend has been hand-to-mouth buying. Small orders, such as the company has been receiving, result in higher costs.

New Lines Well Received

The company reports a fair reception for its new lines of ski apparel and women's gloves. As yet, however, it is not possible to determine the importance to the company of these new lines.

In 1938, volume of sales declined 25% and operations for the year resulted in a net loss of $55,432, as compared with a net profit of $57,385 in 1937.

Expect Improvement

Present prospects are that there will be an improvement in business in the latter part of the current year, especially in view of the prospective large crop in western Canada. However, much depends upon weather conditions. Mild weather in the fall and early winter adversely affects sales of the company.

Because of unsatisfactory earnings the company decided in the first quarter of this year to defer payment of dividends on its preference and common shares. Directors feel that until business conditions show some improvement the working capital of the company should be applied to the betterment of its manufacturing operations and marketing facilities. Working capital at the end of 1938 amounted to $820,915 compared with $910,945 at the end of 1937.

Tip Top Tailors

Tip Top Tailors is engaged in the manufacture and distribution of men's and women's made-to-measure clothing. The company in addition to operating its own stores, sells its products in the Dominion through agencies.

Sales and earnings in 1938 fell substantially. Net profit from operations amounted to $164,675 in the year, compared with $282,715 in 1937. Net profit was equivalent to 76 cents and $1.70, respectively, on the common shares outstanding. Dividends of 60 cents were paid during 1938, contrasted with 70 cents in the preceding year.

Working capital increased to $1,413,834 at the end of 1938 from $1,355,160. Cash increased to $113,125 from $78,499, while inventories decreased to $1,128,246 from $1,302,526. Accounts and bills payable dropped to $94,535 from $157,631. Bank advances of $142,359 were eliminated in 1938.

In the early part of the current year Tip Top Tailors activities were extended into the U. S. Tip Top Tailors Inc. was formed, with head offices at Linden, N.J. Tip Top Tailors, Ltd. will hold at least 52% of the total outstanding common shares of the new company for five years or until preferred dividends have been earned five times in any fiscal year, or the series retired. A number of stores are now operating in U. S. cities.

Management has been provided by the parent company and key employees have been loaned to the new organization. Tip Top Tailors Ltd. has put aside 5,000 shares of Tip Top Tailors Inc. for distribution to officers and key employees after three years. The parent company has guaranteed dividends on the $6 cumulative redeemable sinking fund preferred stock, of no par value.

Brantford Cordage

Brantford Cordage Co. is the largest manufacturer of binder twine in the British Empire, selling approximately two-thirds of its output for Canadian consumption and exporting the remainder. In the annual report for 1938 it was stated that inventories had been reduced to about normal and with good grain crops promised it is believed the inventory position and earning ability will be still further improved.

In the year ended Aug. 31, 1938, a net loss of $8,146 was shown, contrasted with net profit of $268,117 in the preceding fiscal year. The loss incurred in 1938 was the first since 1927.

The company has three classes of stock outstanding, first and second preferred and common. Regular dividends have been paid on the first preferred since the initial quarterly payment on Oct. 15, 1936, but none has been paid on the second preferred since $1.75 a share was paid Jan. 31, 1936. At Aug. 31, 1938, arrears on the latter class was $17.83 a share.

The company redeemed 499 first preferred shares in the 1938 fiscal year and 4,900 second preferred were purchased and cancelled at $25 a share, without any payment in respect of cumulative dividends in arrears.

Working capital dropped at Aug. 31, 1938, to $1.6 millions from $1.8 million in 1937, reflecting chiefly reductions in inventories from $1.3 millions to $690,857.

Biltmore Hats

Biltmore Hats Ltd., Guelph, Ont., manufactures men's fur felt and velour hats and operates sample rooms in the principal cities of Canada.

Earnings in the year ended Nov. 30, 1938, suffered a substantial decline, with net profit dropping to $61,607, against $109,906 in the 1937 fiscal year. Sales volume was slightly lower, because of labor disputes which kept the company's plant closed during July, 1938. Increased manufacturing costs also hindered operations. These labor difficulties have been overcome in the current year.

In May, 1938, the company redeemed its 7% preferred stock, with a view to reducing carrying charges. Total cost of redemption was $222,090, of which $50,590 came from current funds and balance of $171,500 came from the private sale of $175,000 of 3½-4% debentures, due May 31, 1939-44.

The company has been paying regular semi-annual dividends of 25 cents a share on the common stock. Final dividends of 12½ cents a share were paid Jan. 25, 1938, and Jan. 25, 1939.

Working capital position is strong and at Nov. 30, 1938, amounted to $416,166, against $443,206 at the end of the 1937 fiscal year.

Earnings position of the common stock has been favorably affected by reduced requirements for depreciation and interest charges saved by replacing the 7% preferred stock with debentures.

Miscellaneous Textiles

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1938	1937
Biltmore Hats:					
Debentures	3½-3¾	5-years	75,000	....	....
	4	1944	100,000	....	....

Stocks

	Outstand. $	Earned per share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Acme Glove:								
Pref. cum. conv., par $100	687,900	d8.06	8.34	†	82	60	...	...
Common, n.p.v.	24,000 sh.	d4.17	0.53	†	7	3	3	...
†Payment deferred Apr. 1, 1939.								
Biltmore Hats:								
Common, n.p.v.	80,000 sh.	0.70	1.07	0.62½	11⅝	6	8	...
Brantford Cordage:								
1st pref. cum. red., par $25	961,150	d0.21	6.88	1.30	23	18	19	6.7
2nd pref. cum. red, par $25	600,000	d2.43	7.50	nil	...	...	...	...
Common, n.p.v.	80,000 sh.	d1.23	2.08	nil	...	...	...	...
Tip Top Tailors:								
Pref. cum. s. f. red. conv., par $100	1,045,100	15.76	26.84	7.00	109	100	108	6.4
Common, n.p.v.	[illegible] sh.	0.76	1.70	0.60	13¾	8½	9¾	6.2

Women's Hosiery Centre

Canada Leads World as Exporter Of Silk Stockings to Foreign Marts

Canada's production of women's silk hosiery has shown steady expansion during the past seven years. Output in 1938 is unofficially estimated at 2,840,000 dozen pairs, which is a record high level. This compares with 2,582,000 dozen pairs in 1937 and 1,270,000 dozen pairs in 1931.

One reason for the expansion in output has been the development of a substantial export trade. Canada at present is the world's largest exporter of women's silk stockings. Exports in 1938 totalled 515,062 dozen pairs valued at $3,112,803. This compares with 303,896 dozen pairs in 1935, valued at $1,965,902. Exports in recent years have shown a steady growth.

Exports to 34 Countries

Canadian hosiery mills exported to 34 different countries in 1938. The principal markets were the United Kingdom, British South Africa and New Zealand. Exports to British South Africa amounted to 277,676 dozen pairs. The United Kingdom took 68,152 dozen pairs and New Zealand 67,505 dozen pairs.

Most of the real silk consumed in Canada is used by the hosiery manufacturers. Figures are not available for 1938, but in 1937 the hosiery manufacturers used 1,750,000 lb. of silk. Total Canadian consumption was 2,500,000 lb.

The number of pairs of Canadian silk hosiery exported in 1938 was higher than in any previous year, but it represented a smaller percentage of the total production in 1937. Of the total output, 18% was exported in 1938, 18.8% in 1937 and 18.4% in 1936.

In recent years there has been almost steady expansion in the market for silk hosiery. Per capita production in 1938 was 2.49 pairs, as against 1.63 pairs in 1929.

There are 25 mills in Canada producing silk hosiery. Eleven of these are in Quebec, 13 in Ontario and one in Nova Scotia.

Will Standardize Hosiery Grades

Early in 1938 the hosiery manufacturers of Canada decided it would be sound business if arrangements were made for the standardization of the wording used to describe fibre content of hosiery which entered into commerce in Canada.

They discussed the problem with the Dominion Trade and Industry Commission and as a result a Committee was set up. Following its study legislation was drafted and it is expected that the marking regulations will be enforced on February 1, 1940, so far as manufacturers are concerned and February 1, 1941, so far as retail outlets are concerned. The time is allowed manufacturers and importers to adjust themselves to the ruling and for retailers to clear out any stocks.

YORK KNITTING MILLS, LIMITED

Makers of

UNDERWEAR
All types of knitted underwear and lingerie for men, women and children.

OUTERWEAR
Sweaters, pullovers, polo shirts, etc., for men, women and children.

HOSIERY
Men's socks, women's stockings, children's hose.

BATHING SUITS
For men, women and children.

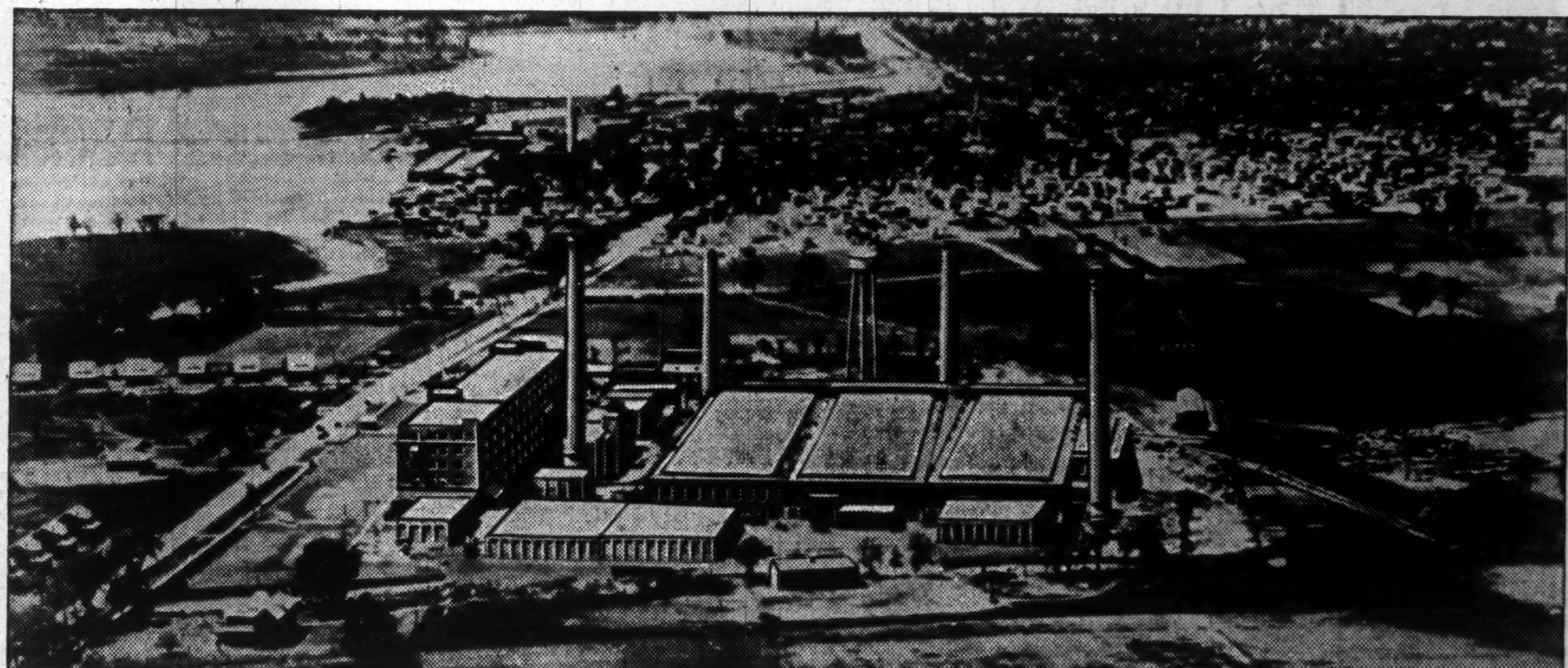
BRAND NAMES
"HARVEY-WOODS"
"QUICKEES"
"P.D.Q.'s"
"ZIMMERKNIT"
"FINE HOSIERY"
"YORKNIT"

YARNS
Cotton, woollen, mixtures, worsteds.

HEAD OFFICE
70 CRAWFORD ST.
TORONTO

OPERATING DIVISIONS
WOODSTOCK:
Harvey Woods Underwear
Hosiers
TORONTO:
York Spinning
Toronto Hosiery
Harvey Woods Hosiery
Woods Underwear
HAMILTON:
Zimmerknit

A Canadian Product for Canadians!



From Raw Material to Finished Product
Courtaulds Rayon Yarns are "All-Canadian"

In keeping with our policy of producing rayon yarns which are truly "All-Canadian" we purchase during each year raw material, chemicals, power and services amounting to almost two million dollars. This figure, which is over and above payrolls, represents a widely diversified contribution to Canadian employment and industry as a whole.

Raw Materials and Chemicals — Through the purchase of Canadian wood pulp and those chemicals required in our processing, a total of $1,050,000 was expended last year.

Power — For electric power we expend approximately $150,000 per annum, thereby making a sizeable yearly investment toward the successful operation of Canada's hydro plants.

Coal — An annual expenditure of $130,000 is made on coal, mined entirely in Canada.

Freight — Each year $50,000 in freighting charges is paid to distribute rayon yarns to the manufacturers with whom we deal.

Maintenance and Supplies — Throughout the year repairs, replacements and general maintenance work must be carried out on the plant and properties. The investment in specialized employment such as electricians, carpenters and so on, together with the materials required for maintenance work, amount to a total of $500,000.

A million and three quarters dollars or more! That is our investment (exclusive of payrolls, taxes and fixed charges) in making Courtaulds Rayon Yarns a high grade Canadian product. Purchase of all-Canadian rayon yarns provides further employment for fellow-Canadians in many associated industries and increases the consumption of domestic raw materials . . . be sure your purchase is "All-Canadian" Rayon.

Courtaulds (CANADA) LIMITED

HEAD OFFICE & PLANT: CORNWALL, ONT.

SALES OFFICES: 159 Bay Street, Toronto, Ont. TRADE SERVICE OFFICE & MERCHANDISING DEPT.: 1220 University Tower, Montreal

Pulp and Paper Industry

Regulating Newsprint Production — 2

The Case for Prorating From the Standpoint of the Co-operating Producers

Prorating continues the most debatable factor in the Canadian newsprint situation. Big American newsprint buyers have resented this attempt at official regulation of output; producers themselves are far from satisfied. Last week R. W. Finlayson, who in the last six years has had an unusual opportunity to study the newsprint situation from all sides, outlined the case for the provincial governments which are behind prorating. In the following article the case of the co-operating companies is presented.

Further articles by Mr. Finlayson will discuss the position of the publisher-owned and non-co-operating mills, and the likely effect of the scheme on the value for newsprint securities.

By R. W. FINLAYSON

The Canadian newsprint producers have learned the hard way that they must hang together or they will all hang separately. The history of their co-operative efforts is indeed tragic. There was at one time or another two newsprint sales organizations, a newsprint institute supported by provincial governments and a bankers committee. Their lives were short and none too sweet and their decease was due to the same cause—an individualistic manufacturer seeking additional tonnage.

The Canadian Newsprint Association is the name of the present group which is now handling the affairs of the industry. It took the place of the previous Newsprint Export Manufacturers Association. The fact that the newsprint producers have an association is criticized by various parties, especially the United States publishers, who have a very efficient one themselves. The peculiar thing, however, is not that producers have joined together but that they did not keep together in the past. Certainly the lack of co-operation was at least partly responsible for the impotent state in which the industry existed several years ago.

Significant Change

A subtle but important change came over newsprint affairs from 1936 on, and it can be said that the present comparatively hopeful condition of the industry would not have been possible without the higher degree of co-operation which exists amongst the members of the present group.

Three years ago the industry was saddled with the oppressive interlocking contract system, which was used by large consumers to enforce the whole Canadian industry to deliver newsprint at a uniformly low price. The greater part of the industry was at that time in some sort of bankruptcy. The price structure was honeycombed with concessions, and the ostensible price of $40 per ton was the lowest in over 20 years.

Now the effect of the interlocking contract has been largely abolished. The pressure of large buyers has been diminished and manufacturers have regained some confidence. Many of the companies have been reorganized and are in stronger financial condition. Finally the price has at last reached an equitable level.

The downfall of the Hearst Empire and the business upturn helped bring this about, but the representatives of the producers, most of them wiser and more conservative men than their dynamic predecessors, were partly responsible for the turn in events.

One Big Problem Remains

Now the Canadian newsprint industry is left with only one main problem and it existed in 1936 and has been its curse for many years. This is, excess capacity. In 1938 the industry's operating percentage of capacity was 62% and in 1939 to date it has been in the neighborhood of 61%. In 1937 it was about 94% but in that year over 300,000 extra tons were bought by the United States consumers anticipating the subsequent price advance. If the publisher mills tonnage was eliminated from these calculations the percentages for the industry would have been even more pessimistic, roughly 89 for 1937, 57 in 1938 and 56 in 1939.

It is a sad but true fact that the publishers have demanded and the investor and the manufacturers have obliged in providing newsprint capacity far in excess of any normal demands. The problem of surplus capacity has, as we have seen in the former article, been a thorn in the side of the provincial authorities, and they have been forced into sponsoring a plan of prorating newsprint tonnage.

Under this scheme each company operates at approximately the same percentage of capacity. Probably a far larger percentage of the Canadian producers than the publishers' publicity agents suspect know the weaknesses of this plan, but realize that it is the only way out. It would be foolish, however, to ignore the strength that it has given to the co-operative mills' representatives. Here, as in the price policy, they have not initiated the plan nor have they been in complete agreement with the steps taken, but they have reaped the benefits which followed their introduction.

80% Concerned

At present the Canadian industry has an effective capacity of about 4.3 million tons per year. The publisher owned mills tonnage capacity, which is in the main not bound by the prorationing policy, occupies perhaps 10% of that total, and other mills outside certain provincial jurisdictions might add another 5%. Then we have the non-co-operating mills which might increase the total of the non-prorating mills to 20% of the capacity of the Canadian industry. Thus in Canada perhaps 80% of the industry representing about 3.4 million tons annual capacity are directly concerned with the prorating policy.

The representatives of these companies realize the difficulties which have to be faced by the provincial authorities, the high cost of relief, and the pressure which is brought to bear by local politicians. The latter are human, and know the suffering and loss of morale which follow the shutting down of plants. From a business standpoint they realize that it is wise to keep trained workers at work and to have their mills running at full capacity. But they also recognize the fact that there is a large excess capacity under the present level of demand and that any effective method of equalizing production, even under government supervision, is preferable to the chaos and confusion which existed before prorationing was introduced.

Too Many Mills

The newsprint companies possess accountants as good as those found in any other industry, and they have demonstrated that it would be far more profitable to concentrate production and close down some mills. To take one mill as an example of this argument. In general terms, it might be said that a 100,000-ton per year mill, selling newsprint at $50 per ton would just about break even when running at 60% of capacity, after depreciation but not including bond interest requirements. However, if that same mill operated at 100% it might earn up to $600,000 per year which would be available for the security holders. This would be in turn a net profit of $6 per ton or 6% on a normal capitalization of say $10 millions. Such a return would make the newsprint security holder's mouth water. But the other and more serious side of the picture is that costs and perhaps even the present price could be reduced if a newsprint czar had the power of a Hitler to rationalize the Canadian newsprint empire and concentrate production.

Rivals at Costs

This scheme, although purely theoretical and unpractical, illutrates the apparent defects of the prorationing policy, for one way to eliminate excess capacity is to increase the sale of our products and this can only be done by reducing costs. At the present time newsprint is being sold by the Great Northern group of mills in the United States at $48 per ton and by the Scandinavians at $43 per ton. This contrasts with the Canadian level of $50 per ton.

In the first case, the group has availed itself of the umbrella held by the other mills and has usually operated at a higher rate of capacity than the Canadian companies. Naturally the resulting economies have enabled the group to pass on the benefits to the publishers. The Scandinavians have cut their costs by adopting a more thorough timber conservation policy, and by paying their labor less. It would be probably correct to state that the average mill worker in Finland receives less than a third the income paid to the average Canadian mill worker.

This wage argument leads only to an examination of the relative standards of living, and although it may be hard to face the facts, we must realize that if we want to compete on a basis of $43 per ton, labor payments which are by far the most important element in total newsprint costs must be reduced. The newsprint security holders have certainly accepted a cut in their return, and labor may have to follow this lead.

Southern Newsprint

Another threat to the Canadian producer is the Southern United States newsprint. It may not be very long before this scheme begins to take one more slice off the Canadian newsprint export market. Here again costs are the important thing and as labor is cheaper and as wood can be grown in twenty, as compared with the Canadian equivalent of sixty years, it would be unwise for the Canadian manufacturer to put his head in the sand and ignore this development and its implications.

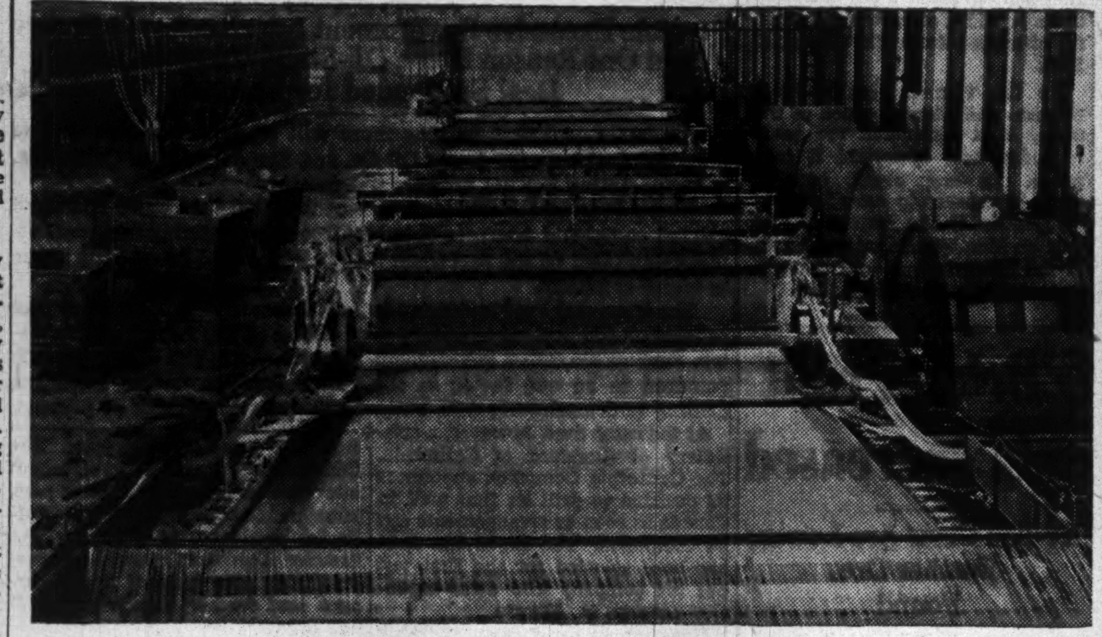
This scheme was backed by a group of United States newsprint publishers and it is the opposition of these consumers that most people feel is the worst result of the prorationing policy. Here we must distinguish between fact and fancy. The publishers have a very efficient publicity committee and, of course, have the means to air their views.

Certainly these consumers do not like to be forced to take paper from some mill not of their own choosing, nor do they like to see the price raised. On the other hand, there is very little difference between the newsprint received from different mills and it would probably be correct to state that they do not consider the present price level to be extremely high. True, they have been antagonized but it is doubtful if demand would be increased even 5% if the price was dropped from $50 to say $45 per ton.

Newspaper Competition

The real reason for the decrease in demand, eliminating for the moment the changes in business, has been the development of radio and the graphic magazine, which have taken advertising revenues away from the newspapers. The difficulties facing the formerly all-powerful Hearst "Newspaper Empire" have affected all the United States publishers in some degree or other.

The Canadian manufacturer feels the force of the United States consumer in another field when the demand for his product is decreased and the industry's capacity is increased by the building of the so-called publisher mills. One would think that this policy would be opposed by the provincial authorities, yet there are substantial benefits which have been gained through this development. Problems presented by the entrance of the publishing manufacturers and the difficulties forced on the industry by the non-prorating mills will be discussed in the next article.



At the wet end of a paper machine.

Gaspesia Pulp Better Quality

In Position to Compete With Scandinavian Product

From Our Own Correspondent

MONTREAL.—As a result of the severe conditons that developed during 1938, the Chandler mill of the Gaspesia Sulphite Co. was operated at approximately 50% of capacity, but during that time the quality of production was considerably improved, according to a statement made by Frank Humphrey, at the annual meeting of shareholders.

The company has been successful, he said, in developing a high grade, unbleached sulphite pulp suitable to the requirements of the United States market. This pulp is coming to be recognized by American consumers as being competitive in quality to Scandinavian pulp.

Signs of Betterment

Due to the prior commitments of American mills for Scandinavian pulp, Mr. Humphrey went on to say, the demand has as yet been poor, but of late there was evidence of improvement.

Anglo - Newfoundland Development Co. has a substantial investment interest in the Gaspesia Sulphite Co. and along these lines Mr. Humphrey expressed the view that eventually "our investment in this company will prove a profitable one."

South Proposes Newsprint Mill

R.F.C. and Chase National Said to Back Enterprise

From Our Own Correspondent

MONTREAL.—Construction of a new newsprint mill in northeast Mississippi with an annual output of 50,000 tons is said to have sufficient financial backing.

Options have been obtained on about 100,000 acres of timber land in the neighborhood of Iuka, Mississippi, and a 470-acre tract has been purchased five miles west of that town as a plant site, according to Editor & Publisher.

J. C. Jourdan, Iuka businessman, is authority for the statement that arrangements are being made to borrow about $2.5 millions through the Chase National Bank in New York and that another $2.5 millions is expected from the Reconstruction Finance Corp. The latter advance will be secured by a first mortgage on the mill and land.

Anglo-Nfld. Mill On Short Time

Advantage Taken to Improve Facilities at Grand Falls

From Our Own Correspondent

MONTREAL.—Curtailment in the demand for newsprint during 1938 made it necessary for the Anglo-Newfoundland Development Co. to operate its Grand Falls plant on a substantially reduced scale, according to a statement made by Frank Humphrey, chairman, at the annual meeting of shareholders. "This condition continues," he went on to say, "but although I will not venture to prophesy how long these conditions may last, I think that the long-term outlook for the pulp and paper industry is a favorable one."

In view of the lower scale of operations at Grand Falls, the company is taking advantage of the lull to make improvements to plant and machinery, so as to be in a position to take advantage of the better demand which is anticipated.

More Hydro Power

During last year the additional water power development was completed and the new generator and electric boilers were successfully brought into operation. The addition of this unit increased the company's water power development at Grand Falls by 27,000 h.p. to 52,000 h.p. Many other minor improvements were effected at the mill such as the modernization of the ventilating systems and general improvement in working conditions.

The extension of the pulp grinder room was nearing completion at the end of last year and it is now completed so far as present requirements are concerned. The No. 6 paper machine is being modernized, which will result in increasing the capacity of the mill by 35 tons a day.

Other Changes Made

In speaking of other branches of the company's activities, Mr. Humphrey pointed out that the real estate had been well maintained and the hospital renovated and increased in size. The company's new steamer, the S.S. Rothermere, was launched Nov. 10 last and was put into service at the beginning of January.

The balance sheet for 1938 shows the number of shares issued was increased by 115,450 as the result of the exercise of options during the year. The amount of first mortgage debenture stock outstanding was reduced by $251,496 through operation of the sinking fund. Inventories were reduced during the year by $523,530, while the cash balance was increased to $1,246,670 as compared with $798,221 at the end of the previous year.

Finnish Paper Exports Higher

From Our Own Correspondent

MONTREAL.—Newsprint exports from Finland for the first four months of 1939 are running over 50% greater than for the like period of 1938. Up to the end of April, Finland had shipped 137,574 tons. This compares with 102,071 tons in the like period of 1938. In each of the four months this year the shipments were considerably in excess of those reported a year ago.

The demand for Finnish pulp while not as good as for newsprint, is still at a relatively high level. For the first four months mechanical pulp shipments totalled 81,672 tons, as against 72,412 tons for the same period a year ago.

Farm Loans Big In Alta.

Rural H. I. P. Financing in Province Ahead of Quebec

Alberta total of Home Improvement loans for renovation of farm buildings is greater than that of Quebec, and ranks second only to Ontario among all provinces, it is revealed by latest bulletin of the Department of Finance on progress of the House Improvement Plan.

Special analysis of H.I.P. loans for improvement of farm properties, as distinct from the 85% of the grand total loaned in cities, towns and villages, shows that 1,244 loans for total of $450,436 have been made in Alberta rural areas. Comparison with corresponding totals for other provinces is shown in following table:

H. I. P. Loans in Rural Areas for Renovation of Farm Properties Nov. 1, 1936-May 31, 1939

	No. of loans	Amount $
Ontario	4,728	2,116,727
Alberta	1,244	450,436
Quebec	1,252	417,281
Nova Scotia	961	220,382
Manitoba	589	199,939
Brit. Columbia	448	154,182
New Brunswick	634	151,962
Pr. Edw. Island	402	75,706
Saskatchewan	204	70,697
Total	10,462	3,857,315

No Housing Loans

The comparatively large volume of H.I.P. farm loans in Alberta, which is paralleled by substantial totals of Home Improvement financing in urban centres of the same province, is largely explained by the fact that National Housing Act loans for new construction are not available in Alberta. Not a single N.H.A. loan has been made in the province, chiefly because of the debt suspension legislation in Alberta.

Another factor is that rural H.I.P. loans may be used not only for improvement of dwellings, to which urban loans are restricted, but also for renovation of other farm buildings, enlargement or construction of barns, silos, greenhouses, poultry houses, etc. The finance department bulletin reveals that the rural loans throughout the Dominion have been used for electricity and water systems, new plumbing and heating; as well as new porches and general house renovation.

Grand Total Rises

Grand total of Home Improvement Loans, urban and rural, stood at $30.3 millions at the end of June. Loans in June numbered over 5,000 for a total of more than $2 millions.

H.I.P. monthly totals so far this year have shown progressively greater increases over 1938, ranging from 6% in January to nearly 50% in May and June.

Britain and France Hold 28 Times Dictators' Gold

Stocks of gold earmarked for foreign account continue to mount in Canada, the United States and more recently in South Africa and British India.

The July issue of the United States Federal Reserve Bulletin estimates the amount of earmarked gold and short-term balances in the United States on June 21 as $1,460 millions. Holdings of gold in Canada, South Africa, and British India on March 31, 1939, are given at $155 millions, $204 millions and $36 millions respectively. Since then, however, there has been considerable increase in earmarked stocks in Canada which were estimated at $330 millions at the end of May and there has probably been an increase in the other countries.

Gold reserves of the leading countries of Europe at Dec. 31 last are estimated as follows:

	$000,000
England	3,449
France	2,766
Belgium	625
Netherlands	995
Switzerland	699
Total five countries	8,534
Germany	29
Italy	193
Total two countries	222

These figures show the combined holdings of Great Britain and France to be about 28 times the combined holdings of Germany and Italy.

The latest estimate of gold holdings in the United States is $16.1 billions and of Japan $164 millions.

Cons. Paper Bonds Paying

On Interest-bearing Basis as from July 2

From Our Own Correspondent

MONTREAL. — Consolidated Paper Corp. 5½% first mortgage bonds are again on an interest-paying basis as from July 2, with the first payment due on Jan. 2 next.

To holders of the $51.4 millions of outstanding bonds, the point of great interest is whether the company will pay interest in stock or in cash.

Under the terms of the arrangement entered into between the company and the bondholders in 1936, interest must be paid in cash if the net working capital is in excess of $10 millions. Interest is to be paid in cash to the extent of such excess provided that no cash payment will be less than 55 cents per $100 principal amount of bonds, any balance unpaid to be settled by issue of shares valued at $11 a share.

Hinge on Working Capital

If the working capital is less than $10 millions the company may pay interest in stock, valuing the latter at $11 a share.

At present the market value of the common is only 3¾, so that the holder of a $1,000 bond would receive 5 shares with a present market value of $18.75, compared with the "par" value of $55, for one full year's interest or $9.37 for the current six months' period.

On the other hand, if the working capital position warrants, the bondholders will receive interest in cash to the extent of $27.50 per $1,000 bond for the half year.

Over the past few years the management has brought about a very substantial improvement in the company's net working capital position, but it is doubtful if the company will be able to show $10 millions of net working capital at the end of this year.

At the close of 1938 current assets exceeded current liabilities by $4,770,833. A further improvement is expected in 1939 (during 1938 working capital improved by $2,462,000), but the hope of reaching $10 millions is rather negligible. Moreover the company is only to obligate interest in cash to the extent of the excess over $10 millions, which makes it more than likely that the management will pay interest for the current six months' period in stock.

Full year's interest on the outstanding debt requires $2,595,738. For the six months ended Jan. 2 the company will have to pay in cash or stock (valuing the latter at $11 a share) $1,297,869 or 117,988 shares of common stock.

The ability to pay in cash is remote and it appears at this time that the management will issue stock for the half year's interest. In that event the outstanding capital stock will be increased to 2,426,777 shares.

Canadian Railways Move More Pulp, Paper Traffic

From Our Own Correspondent

MONTREAL. — Pulp and paper products loaded on the Canadian railways during the week ended July 1, 1939, totalled 1,523 cars. This represents an appreciable increase over that reported for the week of July 2, 1938.

FRASER COMPANIES LIMITED
FRASER PAPER LIMITED
RESTIGOUCHE COMPANY LIMITED
Manufacturers of
LUMBER SULPHITE PULP PAPER BOARD
GROUNDWOOD PRINTING PAPER
BLEACHED SULPHITE PAPER
"RESTICOSE" RAYON PULP
Executive Office: Dominion Square Bldg., Montreal, P.Q.
General Office: Edmundston, New Brunswick

ANGLO-CANADIAN PULP AND PAPER MILLS LIMITED
Manufacturers of
NEWSPRINT PAPER
CAPACITY: 600 TONS DAILY
OFFICES and MILLS at QUEBEC CITY
Direct Connection With Both Canadian Railways
Privately-owned Wharf on Tidewater

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Banking Service 1817-1939
BANK of NEW SOUTH WALES
Head Office: Sydney, Australia
General Manager: SIR ALFRED DAVIDSON, K.B.E.
Assets of £127 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.
London Offices at 29 Threadneedle St., E.C.2. and at 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

7 REASONS WHY DOMINION BATTLESHIP LINOLEUM floors.. ARE BETTER!

Peoples Credit Jewellers, Limited, Hamilton, Ont.

SMALL UPKEEP
Dominion Battleship Linoleum cuts janitor costs; it takes far less time and effort to keep clean. An occasional waxing is the only other care.

BEAUTY
There are no less than 11 colours for your Custom-built floor of Dominion Battleship Linoleum, with widest scope for original design.

PERMANENCE
With Dominion Battleship Linoleum, your floors are covered permanently and will carry heavy traffic for years.

QUIET
Dominion Battleship Linoleum ends the noisy clatter of boot-heels. It is resilient underfoot: sound-absorbing; shock-absorbing; a pleasure to walk on.

LOW COST
The first cost of a Dominion Battleship Linoleum floor tells the *whole* story. When considered in terms of years of wear, it is really insignificant.

EASILY INSTALLED
Any competent Flooring Contractor makes a quick, efficient job of installing a custom-built Dominion Battleship Linoleum floor with a minimum of inconvenience to you.

5 YEAR GUARANTEE
When every detail of our simple specifications is carried out, Dominion Battleship Linoleum (AAA & AA gauges) is covered by our 5-year Guarantee.

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The Week in Mining

Strong Copper Position Recalls Former Crises

Mexico Challenges United States to Halt Foreign Silver Purchase—Canadian Producers Aided By Better Copper Price

Reaction to increasing European tension was reflected this week with most markets showing strength and activity unfamiliar for some months. Prime Minister Chamberlain's plain speaking on Danzig was hopefully interpreted in some quarters. On the other hand, base metal prices, especially copper, have been showing a strength which has less agreeable implications. Climbing copper sales and rising price have, in recent years, almost invariably preceded a major European crisis.

Copper purchases one day last week were the highest since July 1, 19[illegible]. One foreign government took 28,000 tons in a single day and those in the market noticed that most of the buying was apparently the result of accelerated armament activity. Improvement in the copper picture should fairly well overcome most of the ill-effects for Canadian base metal producers should United States stop purchase of foreign silver.

Mexico Dares U. S.

Mexico is showing no disposition to be sorry for her sins in confiscating oil properties and lands belonging to U. S. companies. Her latest position in negotiations for reimbursement is being termed "absurd," "the crowning insult" and so on.

This does not improve the position of foreign silver. Cessation of foreign silver purchases by United States would hit Mexico worst of all, and there is a growing feeling in the United States that to stop buying silver would be an easy way to teach Mexico manners. Last year she sold $50 millions in silver, which rated fifth in all her exports.

Main argument of the U. S. administration against a halt in foreign silver buying is understood to be that this would be a breach in the "Good Neighbor" policy; also that the resultant economic chaos in Mexico would probably give the already powerful Fascist interests there opportunity to overthrow the Cardenas government and toss that country into the arms of the Fascist powers, or into another period of political anarchy.

* * *

Slap at Japan

To stop buying foreign silver will be a curiously back-handed slap at Japan, which probably won't hurt many U. S. feelings. In the past it has been China which has suffered more than any other country from the uncertainties of U. S. silver policy. When the silver standard was abandoned three and a half years ago, great coin reserves were built up by China.

What remained after early Chinese purchases of war equipment has now been taken over by the Japs, who have been selling it to the United States, thereby acquiring much needed foreign exchange for her own war purchases. If the "no foreign silver" measure is adopted, Japan will thus find the going harder.

* * *

"Not Such a Boob"

There has been general failure to catch the significance of the U. S. Treasury silver price policy this week. Supporting the world silver market was hardly the reason for its price firmness against London. Declares Whaley-Eaton: "The Treasury is not such a boob about silver as some imagine. It does not buy silver abroad, but only on delivery in America. By fixing its price just enough above the London market as to cover shipment charges to New York, it can moderate, if not prevent, unloading, and thus minimize losses. The Treasury might hate to do even that were silver purchases not in practice, actual subsidies for exports, thus aiding foreign trade."

* * *

Monkey Business

The present currency predicament of Cuba is a striking demonstration of what, in the past, has invariably happened under monetary monkey business.

Recently, the Cuban Government has been trying to raise money by coining additional silver pesos. Such coinage offers a nice profit since the silver that goes into the coins is worth only a fraction of the face value of the coins. The exchange rate of the peso immediately began to fall. A decree was whipped out ordering all exporters of molasses and sugar to leave abroad on deposit 20% of the proceeds of these sales.

Other exporters were to leave 10% of export proceeds. The resultant sum was to provide a stabilization fund to protect Cuban currency. But the decline in the peso continued and when it became known that the Government planned to coin another 15 million silver pesos, the bottom went out of the peso market.

With this very concrete demonstration of what happens when funny money schemes are taken seriously, the Cuba Government soon saw a little light and the 15 million silver issue has been called off entirely.

* * *

Democratic Gold

Once again demonstrating the key position of gold in the world's monetary structure, and the increasing identity of gold with the democratic states is the survey just released by the Federal Reserve Bank of United States. Most significant is the fact that despite the widely publicized flow of gold to this continent during the past year, the European democracies still have much more gold than they had at the outbreak of the Great War or in the boom times of 1929.

The heavy gold flow to America has diminished the reserves of some countries, especially the Netherlands and Switzerland, but for the most part the outflow has been offset in part by new gold production in which Canada has such an important part.

Following are figures showing supply of gold held by various countries:

In millions of dollars Amounts as reported for Dec. of each year	1913	1929	1938
England	165	710	3,449
France	679	1,633	2,766
Belgium	48	163	625
Netherlands	61	180	995
Switzerland	33	115	699
Germany	279	544	29
Italy	267	273	193

Coniaurum Mines Drifting in Ore

Drifting in the new quartz vein cut in the 3,500 level crosscut of Coniaurum Mines has been carried a distance of 35 ft. The ore runs $8.75 to $10.50 a ton across an average width of between 5 and 6 ft., officials inform The Financial Post.

As the vein is located in a hitherto unexplored section of the mine, it is considered too early to judge how important it may prove. In any event, officials state, it appears to have little or no relation to the famous No. 25 vein on McIntyre Porcupine Mines as the latter vein is over 4,000 ft. distant from the present find.

O'Brien Profit Is Increased

Per Ton Costs Are Lower; Further Ore Found

An estimated operating profit of $182,345 was realized by O'Brien Gold Mines for the third quarter of the company's fiscal year, the 12 weeks ended June 10, 1939. This represented a considerable increase over the $162,224 for previous 12-week period, the rise being due entirely to lower operating costs at $8.82 per ton, against $10.86 a ton.

Little change was shown in production. In the third quarter, $301,718 was recovered from 13,528 tons of ore treated and this compared with $302,534 from 12,917 tons the previous quarter.

Further Ore Located

Results from drifting on the No. 1 vein on the 12th level continue promising, the company's third quarter report states. Drilling on the 11th and 14th levels has indicated vertical continuity and the work of confirming these results by drifting, raising, etc., is under way.

The No. 4 vein on the 17th level has been opened up for 80 ft. east of the crosscut, disclosing 27 ft. of high grade and 24 ft. of rich mill ore. Necessity of safeguarding shaft pillars prevents further drifting to the west on this high grade vein which, however, has been cut in a drill hole 90 ft. farther west, with low values.

The high grade on the 17th level is considerably better than anything so far disclosed in No. 4 vein below the 11th level and developments at depth look promising, the report states, as does also the probability of eventually recovering considerable high grade from shaft pillars below the 13th level.

The Week in Oils

Fear Aberhart Regime Delays Standard Deal

Possible Excessive Government Interference in Future Said One Reason Home Oil-Standard of California Deal Suspended for Present

Announcement that nothing more will be done this year on the proposed deal between Home Oil Co. and Standard Oil of California, is disappointing but not entirely unexpected.

Home President Ker's announcement states that since Standard has not completed arrangements in Alberta for refining and marketing, completion of the agreement at present would be of little value to either company.

The Financial Post understands that Standard's decision in no way reflects on the present or future possibilities of the Alberta oil industry. Fear of excessive government interference in the oil industry is rumored to be one factor in the recent decision not to close the drilling and marketing deal between the two companies at present.

At the same time, however, a subsidiary of Standard of California, The California Company, announces its decision to drill its first well in Canada as soon as arrangements can be completed. The Steveville field has been selected for the first test but the company also owns extensive acreage in Alberta.

Government by William Aberhart thus far has not induced confidence of any industry, let alone a foreign corporation which has already had some reason to be careful about Canadian investment. Standard of California went into British Columbia a few years ago and soon found the oil business threatened with becoming a football for the provincial government.

* * *

How Much Politics?

Is oil going to be a political football in Alberta? That is a question Standard may well have pondered.

Oil men are almost unanimous in supporting the general policy of the Alberta Conservation Board. They admit its gas conservation policy is unequivocally good. Some claim it is giving some wells too high an allowable. But in general its policy meets with favor.

At the same time, this is government regulation and the tradition of government interference with business is increasing interference.

Will the Aberhart Government impose regulation on the price of crude, or the price of finished oil products? Will it demand higher royalty payments? Will it literally take management out of a company's hands, leaving it only the risks?

Those are probably questions which influenced Standard of California in deciding to sit back for the time being.

Fair chance of profit is the main motive of company enterprise. The Conservation Board is government interference, but, for the most part, interference pointing to higher profits for producers as a whole. But Premier Aberhart's avowed political principles give little if any assurance that further interference will not follow.

* * *

May Save $200,000

From Our Own Correspondent

CALGARY.—An important concession has just been won by the oil producers at Ottawa. Following months of negotiation, the Dominion income tax department has just issued new rulings which, according to E. W. Kolb, secretary of the Alberta Petroleum Association, may save the industry as much as $200,000 a year.

Under the new regulations no income tax will be payable on wells with insufficient production to pay back the cost of drilling. On producing wells, with commercial yields, the reduction of tax will be, on the average, 25% of what the companies were liable for under the previous tax regulations. In general, reductions in tax will range from 15% to 100%.

Plea for the tax change was based largely on the same grounds as have won various income tax concessions for the mining industry.

* * *

New Rates Start

Implementing the report of the McGillivray Commission probing the oil situation in Alberta, reduced rates on transportation of oil from Turner Valley to Calgary over the Royalite pipe line, now classed as a common carrier, have been put into effect by the Board of Public Utilities.

New rates mean a big saving to refineries in western Canada. They will mean a severe loss to Royalite, Imperial Oil subsidiary.

Rates are 9½ cents a barrel on naphtha, absorption plant gasoline or crude, plus a handling charge at the Calgary terminus of the line of 2½ cents a barrel. Old rates were 15 cents for transportation, and 5 cents handling charge.

Under old rates Royalite pipe-line division earned a gross revenue of $1,095,000 a year, about $3,000 a day, taking the average daily flow at 15,000 barrels — a conservative figure.

Under the new charges, and assuming the same traffic, the Royalite pipe-line division's gross revenue will be reduced by around $370,000.

* * *

Creditor Satisfied

Several weeks ago a creditor in Montana of the East Crest Oil Co. petitioned to have the company placed into bankruptcy through alleged failure to pay a debt. Since then, however, the creditor has been satisfied and the bankruptcy petition has been withdrawn. East Crest 4 has just been completed as an excellent well and the company is said to be in a good financial position. It is producing about [illegible] barrels of crude daily under proration.

* * *

New Schedule

The Conservation Board has just issued a new schedule of allowable quotas. The total for the field remains the same — 27,000 barrels daily—but the average allowable of wells is slightly lower, 346 barrels compared with 355 barrels daily previously. The order lists 78 crude producers in Turner Valley and one new well, Okalta 8, under test. Under the previous order, 76 crude wells were given quotas.

Individual quotas have been given three wells just completed. Harris 2 is permitted 600 barrels daily, Oil Ventures, 401, and British Colonial 400.

Home-Millarville 2 remains the largest producer at 939 barrels daily.

Mining Concentrates

Century Mining Officials, Dr. J. Frank Wright, consulting engineer, and A. D. Macpherson, president, are at Elbow Lake, where preparations are being made to reopen activities on the former Dwyer-Elbow Lake and Golden West property. Century's ground lies 12 miles from Heming station on the Cranberry Portage-Sherridon line or can be reached by a 30-mile water route from Cranberry Portage. Much work has already been done, including shaft sinking and underground development as well as extensive diamond drilling.

* * *

Central Patricia showed higher total recovery the three months ended June 30, 1939, compared with results the previous quarter:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
2nd qr., 1939	26,659	293	16.83	448,637
1st qr., 1939	27,743	308	15.24	422,698

* * *

Cariboo Gold Quartz June production was considerably higher due to treatment of a better average grade of ore. Figures are given below:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	8,970d	299	16.67	151,480
May, 1939	9,341	301	15.28	*142,765

*Excludes 122 ounces of gold in clean-up of ball mill.

* * *

Dome Mines production was off slightly in June due to one less milling day compared with the previous month. Results follow:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	51,100	1,703	11.76	600,985
May, 1939	52,600	1,697	11.43	601,336

* * *

Hutchison Lake Gold Mines, four miles north of Geraldton, announces that recent diamond drill holes indicated a merging of veins known as numbers four and five, giving widths up to seven feet of good grade ore. Officials state that holes numbers four, five, eight and nine gave assays running in the ounces, while six and seven showed about $4 per ton. It is also announced that the company is financed for a mill of 35 tons daily capacity, but in view of drill hole results, a larger unit is justified which will be considered by directors.

* * *

Kirkland Lake Gold Mining Co. had much better results the second quarter of 1939 than the first quarter. Average recovery was sharply higher and a greater tonnage of ore was put through the mill. Comparative results follow:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
2nd qr., 939	24,142	265	18.37	443,400
1st qr., 1939	23,506	261	15.51	364,639

* * *

Laguna Gold Mines has called a special meeting of shareholders for July 25, 1939, to place the company in voluntary liquidation thereafter. It is planned to pay an initial liquidation dividend of 7 or 8 cents a share a few days afterward. Salvage operations have recovered more than estimated indicated ore and production is expected to continue from three to five months more. June production was estimated at $40,346 compared with $39,601 in May.

* * *

Moneta Porcupine Mines reports the second highest quarterly figure for total production in its history for the second quarter of 1939. Results for the quarter are shown below:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
2nd qr., 1939	15,370	169	17.50	268,949
1st qr., 1939	15,585	173	16.94	264,019

* * *

North Whitney Mines had $100,381 cash in its treasury and no current liabilities June 30, 1939, according to the company's annual report. Of 3.5 million shares authorized, 2,558,015 have so far been issued. Hydro-electric power is to be installed at the property immediately and a complete new electric plant will be installed. A 250-ft. shaft was put down in previous operations with a 1,000-ft. crosscut to the north and south ore zones. Both ore zones are to be explored at the 250-ft. level under present plans.

* * *

Paymaster Consolidated Mines has declared a dividend of one cent a share payable Aug. 15, 1939, to shareholders of record July 31; ex-dividend July 28. Last previous payment was one cent on Jan. 16, 1939.

* * *

Perron Gold Mines has reportedly extended its No. 32 vein on the 925-ft. level to 450 ft. in length with ore averaging $12 per ton across better than drift width. Crosscuts on the 725 and 825-ft. levels have intersected the vein, showing equal width and grade. The downward extension of the 625 vein is being opened up on the 725-ft. level showing 5 ft. of ore running $15 per ton. Production for June was off slightly as shown below:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	10,886	363	10.11	110,101
May, 1939	10,936	353	10.33	112,929

* * *

Privateer reports cutting a parallel vein of apparent importance in its crosscut from the 900-ft. level. This had been previously indicated by diamond drill. Five channel samples of this vein, where intersected by the crosscut, gave an average of .97 ounces per ton across two feet. Twenty-one cars of muck from the crosscut averaged .98 ounces per ton. Since then, a drift on the vein has been advanced 15 feet from the crosscut. Average of the channel samples in the drift is over 2.28 ounces across .9 feet. The last face sample ran 1.68 ounces over 1.2 feet. What is apparently the same vein was recently cut by diamond drill from the 1,000-ft. level and a drill hole is now going out to locate the vein on the 1,100-ft. level. Privateer's June production was $101,117 from 2,339 tons, average ounces per ton 1.24.

* * *

Pioneer Gold Mines of B.C. reports a slight decline in June profits caused by a rise in costs. Cumulative results follow:

	Gross Income $	Expenses $	Profit* $
June, 1939	165,000	72,000	93,000
May, 1939	165,000	70,000	95,000

*Before depreciation, taxes and depletion.

* * *

Spud Valley production for June was $54,200 with operating profit of $32,600.

* * *

Straw Lake Beach Gold Mines has secured consent of the Toronto Stock Exchange to release of 511,500 shares of stock. No further shares are held in pool.

* * *

Siscoe Gold Mines production was down slightly in June because there was one less milling day than the previous month. Results follow:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	177,932	598	8.77	157,211
May, 1939	18,600	600	8.76	162,984

* * *

Sturgeon River Gold Mines completed 832 ft. of drifting, 35 ft. of crosscutting and 760 ft. of diamond drilling in June and is continuing drifting on the 875, 1,000 and 1,125-ft. levels in July. June production showed a considerable increase as shown below:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	2,199	73	13.99	30,765
May, 1939	1,852	60	13.68	25,340

* * *

Ventures Ltd. has declared a dividend of 5 cents a share payable July 29, 1939, to shareholders of record July 18; ex-dividend July 17. Last previous payment was one of 10 cents on Jan. 4, 1939.

* * *

Wright-Hargreaves Mines reports production for three months ended May 31, 1939, at $2,025,000 from 111,000 tons of ore milled, an average recovery of $18.24 per ton. In the previous three months estimated production was $1,910,000 from 107,000 tons, an average recovery of $17.85 per ton.

* * *

Wendigo Gold Mines showed little change in production during June; Comparative figures are given below:

	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June, 1939	2,880	96	9.37	27,000
May, 1939	2,730	88	9.63	26,296

* * *

Yama—Shaft sinking has reached 125 ft. half way to the 250-ft. objective. Timbers are being set for the 125-ft. station. It is expected the shaft will reach its objective about the middle of August when crosscutting to the indicated zones will be started at the 250-ft level.

About 200 ft. of crosscutting should be necessary, it is estimated. Assays taken from stringers in the shaft have reportedly run considerably higher than values in diamond drill.

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Is Lignite Proposal Just a Dream?

Development Long Mooted For James Bay Deposits

By RONALD A. McEACHERN
Mining Editor, The Financial Post

Ontario's Premier, Mitchell F. Hepburn, has been holding conferences recently on the subject of developing a provincially-owned lignite deposit down near James Bay.

Is the lignite proposition just a dream? Is there a story of political manoeuvring somewhere in the background? Those are the sort of questions being asked and so far Mr. Hepburn has not helped in giving any clues as to the answer.

Development of these lignite deposits has been mooted for many, many years. When the Hon. Charles McCrea was Ontario's Minister of Mines he had department geologists do some exploratory drilling. This showed that the deposit was extensive and in 1929, Mr. McCrea requested the Ontario Research Foundation to undertake a thorough study of its physical and economic possibilities. The report was submitted at the end of 1932 and the following material comes largely from that report.

Extensive Exploration

Location of the deposits is about 60 miles south of Moosonee, 126 miles north of Cochrane or 380 miles north of North Bay. The Cochrane to Moosonee line of the Temiskaming and Northern Ontario Railway crosses the deposit. The country is flat, has very heavy rainfall and is covered with a four foot layer of muskeg.

Exploration work so far has included drilling some 116 holes over a six-mile area, sinking two shafts and drifting along two main seams. The upper seam apparently occurs only in the central square mile of the property and in some sections has a depth of about 25 ft. The lower seam averages 20 ft. in thickness and covers the whole area.

Not all of this material, however, is by any means of conceivable economic use. In the upper seam only about 28% is of the woody and peat types of lignite which are desirable. The lower seam has about 76% in the potentially commercial type.

Overburden ranges from 80 to 150 ft.

It is estimated that on the basis of mining and processing of 300,000 tons of raw lignite per year, there is enough in the whole area examined to last for 20 years.

The only method considered was strip mining. Large electric shovels could rip off the overburden, hoist out the lignite. "Strip mining," the report declares, "is a highly mechanized operation in which low-cost figures depend on high capacity and constant, steady production."

The report, which is based partly on a study made by Dr. T. H. Hogg, now chairman of the Hydro-Electric Power Commission, is so complete that it even has it figured out that in the seventh year of operation it will be necessary to move the Temiskaming and Northern Ontario Railway line a short distance to the east.

Estimate 88 Cents Ton

On a production of 300,000 tons per year and assuming the usual annual charges for depreciation, plus interest on capital charges (those were the days when they still allowed 6% for this charge), the report states that it would cost 88 cents per ton to mine a ton of raw lignite. This compares with costs of 70 to 154 in various lignite operations in the United States.

Raw lignite has many disadvantages. It contains about 50% moisture. It disintegrates rapidly on exposure to the atmosphere. It has about 5,000 B.t.u. or heat units per pound, compared with the 14,000 B.t.u. in the fuel commonly used for steam or heat.

Using the raw lignite at the source was considered the only economic possibility. Of this, two possibilities were studied, railway and processing.

Since the report was submitted another possibility has arisen, generating electricity.

The astounding growth of mining in recent years has created a hydro power situation which could hardly be foreseen when the report was written.

There is still lots of water power to be harnessed throughout northern Ontario. Ontario now has harnessed 2.6 million horsepower, but surveys have been made showing that a total of 5.3 million horsepower could be generated. That figure does not include many unrecorded rapids and streams nor power concentrations that might be available on streams and rivers.

But a complex set of price factors make economical electric power much more than a simple matter of harnessing more rivers where it appears that power is now "going to waste."

The disadvantage of water-generated electricity is that it produces a relatively fixed amount of electricity. But consumption varies widely, depending on the time of day, the time of the year and other things. Costs of a hydro plant are about the same whether its entire output is consumed or only half.

Steam Flexible

The great advantage of steam-generated electric power is its flexibility and consequent cost-cutting.

Mining lignite would be an operation like this one in Alberta.

A steam plant is inexpensive, compared with a hydro development. When less power is needed, it is simple to stop generating and no "fuel" is going to waste as with a water generator.

While not yet avowed by H.E.P.C. or Government spokesmen, it is quite conceivable that the H.E.P.C. could be very much interested in using steam-generated electricity to take care of peak and over-average loads between now and the time probably a few years hence when demand will have increased sufficiently to justify another major power development.

The lignite deposit is on the Abitibi River and is only about 45 miles from H.E.P.C.'s Abitibi Canyon development. Power demand in northern Ontario has been growing by leaps and bounds. The Abitibi is now producing about 180,000 horsepower and its estimated maximum is said to be not very much greater.

Another very important aspect of hydro power is the variation in water flow. For most plants of this type, December, January, February and March are low water months although these are likely to be high demand months. There is also the high and low water cycle which goes by years. The Abitibi, for instance, has storage facilities which help it to overcome the winter low water handicap, but it can't do anything about the cyclical variation.

Now Pressing Problem

So far water power development has kept well ahead of demand in northern Ontario, but as demand continues to move closer to capacity, the low water period is becoming a more pressing problem.

A steam plant, therefore, offers likely advantages in boosting H.E.P.C. potential during low water periods and in permitting Hydro to contract for a much higher average power delivery. The surplus power required for peak periods would be made up by the steam plant which, of course, could be turned on and off as need demanded.

While steam-produced electricity, in itself, is usually expensive, compared with water power electricity, there are distinct advantages in the northern Ontario situation. A steam plant could be established right on the lignite property, the shovel dumping raw lignite directly into cars tracked to the furnace. This would give no time for atmospheric depreciation of the fuel and would be unusually economical.

Another probability is that a steam plant would be added to the Abitibi Canyon equipment. This would mean a 45-mile freight haul for Temiskaming & Northern Ontario Railway which might be an interesting freight revenue for a government owned railway on an unprofitable piece of line.

Other Prospects Dull?

A rough general calculation is that one pound of coal produces 1 kilowatt hour of electrical energy. Because the B.t.u. or heating quality of lignite is so much lower, it is estimated four pounds of lignite might be necessary to do the same job. That means about 500 kilowatt hours could be produced by 1 ton of lignite which has been mined for 88 cents.

Other possibilities for lignite use seem less interesting.

For any other use the northern Ontario lignite requires processing. The Ontario Research Foundation found, after much effort, that this lignite was not suitable for briquetting as is common in Europe. The most successful method of processing found was the Fleissner, now widely used in Europe, involving some very ingenious chemical and engineering gymnastics it is unnecessary to outline here.

Lignite, Fleissner processed, "is an excellent fuel," the report declared, "and offers possibilities for industrial and domestic utilization."

This fuel could be used by railways, and the Temiskaming and Northern Ontario Railway, itself, using about 100,000 tons of coal a year, would provide a fine market for a large lignite operation. But these apparent disadvantages arise.

Because of the higher moisture content, and the lower heating power, the fireman would have to shovel 2 1/3 times as much lignite as ordinary coal and the number of coaling points along the railway would have to be increased 2 1/3 times or the size of the tenders increased a like amount. A greater spark loss problem would probably cut boiler efficiency from about 55% to 40%. To fit locomotives for burning the stuff would cost $600 each.

Use Home Product

On the other hand, all the coal now bought by the Temiskaming and Northern Ontario Railway comes in from U. S. Many feel, it is understood, that both the railway and the province would benefit from using a domestic raw material.

For industry, the Research Council found that a processed lignite again had disadvantages.

The Noranda smelter was one possibility investigated. Noranda has to have fuel that is exactly right and thoroughly standard and consistent in its firing qualities. It buys about 75,000 tons from Nova Scotia a year. The Research Council was not hopeful for development of this market.

Gold mines, paper mills and so on all need fuel, but economical and ample electric power has continued to win victories in the past decade and the prospects for this outlet were regarded as rather bleak.

The domestic prospects were regarded as even worse. First, it was figured out that the cost of a ton of bituminous coal on siding at Noranda, for instance, was $8.40 and the best processed lignite could go for would be $10.08. In the second place, the lignite burner would have to have his furnace converted, or, the indefatigable researchers report, the unhappy householder would have to get up 2 1/3 times as often at night to keep his fire burning.

"The Ontario Research Foundation cannot recommend any immediate commercial development of the lignite deposit," the report concludes.

But they weren't bargaining with the speed of mine development, or of community growth and demand for electric power throughout the province. That's what changed the picture; what may turn lignite into a provincial asset of importance.

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Mining Enquiries

Hudson Bay M. & S.

Shares of Hudson Bay Mining and Smelting Co. appear to be selling at a rather high price in the light of current earnings. Just what is the situation at present?

While net earnings of Hudson Bay Mining and Smelting Co. amounted to only $1.51 a share in 1938, compared with $2.72 in 1937, the drop in profits was due to a lower average price received for copper during the past year and not to any change in the company's operating position. So far in 1939, copper has been selling at a level fairly close to the average of 1938 so no large change in earnings has been experienced for the present year. The company remains in a splendid position as regards ore reserves which are equal to about 18 years' milling requirements. Sinking of a new shaft to an ultimate depth of 4,500 feet is reported to involve the possibility of a future expansion in mill capacity if results are favorable.

Financial position of the company remains very strong with working capital slightly over $10 millions at the end of 1938. In addition to the exploration of its own property, the company has formed a subsidiary which is carrying out exploration on optioned properties in different parts of Canada. If this work should be successful in finding a new property of merit, the strong working capital position of the company maintained should be a distinct advantage.

While shares of Hudson Bay Mining and Smelting appear to sell at a rather high figure when current earnings are considered, the company's long indicated life is believed to be partially responsible for this.

Kelrowe

What are the chances for Kelrowe Gold Mines?

Kelrowe Gold Mines is making plans for the sinking of a shaft on its property where diamond drilling previously carried out indicated interesting gold values. Most consistent values appear to have been obtained in the "B" area where a length of 205 ft. drilled at close intervals has returned values running from $8.40 across five feet to $58.80 across five feet. The "A" area has been indicated for a length of over 950 ft. and while some high assays have been obtained the majority run around $5 per ton or less.

The management of the company seems to place important stress on the fact that the company's property is in close proximity to the Ross property of Hollinger Consolidated Gold Mines. It must be realized, however, that the present operation will have to stand on its own feet and results obtained at the Ross property will not necessarily be duplicated at the Kelrowe property. Authorized capital of the company is 3.5 million shares of which 1,135,005 shares were issued at last report, leaving a substantial balance in the treasury for further financing.

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The royal author of these royal words has walked our ways and gone back to the Seat of Empire. The shouts and bunting are no longer on our streets. But, inwardly, much of inestimable worth remains. We have stood shoulder to shoulder to cheer our King and Queen. It has united us as never before — deep below all differences and difficulties, East, West and North. We are united in a new hope and a new confidence in ourselves and in one another; for we have seen ourselves through royal eyes. And we have realized that it was fears which held us back, fears bred of threats without and of misunderstandings within. These fears had slowed the wheels of commerce and fed upon their own results. Now, mentally, we stand as physically we stood to cheer — shoulder to shoulder. In this new faith and confidence, we shall go forward "blazing by thought and service a trail to better things". Only thus can we fittingly respond to that man and king who visited us upon the greatest adventure of peace in modern history — and won a continent.

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

New Claims Acquired By McKenzie Red Lake

A new company is being formed by McKenzie Red Lake Gold Mines with a capitalization of three million shares to acquire five claims from Margaret Red Lake Mines and one claim and part of another from Richmac Gold Mines. The property is equipped with a Diesel mining plant. A shaft was put down over 100 ft. in previous operations and plans call for continuation of this shaft to open up a level of 150 ft. depth.

McKenzie Red Lake is to purchase 300,000 shares at 10 cents and will receive an option on 1.6 million shares at prices from 15 to 50 cents.

Cecil G. Smith Rejoins Montreal Curb Market

From Our Own Correspondent

MONTREAL.—Cecil G. Smith has been elected a member of the Montreal Curb Market. Mr. Smith was previously a member of the Montreal Curb Market from 1928 to 1935 and was a member of the Montreal Stock Exchange from 1929 to 1935, when he was a partner in Yates & Co.

Inspectors Appointed For Thompson-Cadillac

From Our Own Correspondent

MONTREAL. — Creditors of Thompson-Cadillac Mining Corp. appointed five inspectors at a meeting here. They are: F. D. Patterson, Canadian Industries Ltd.; George Cowie, Canadian National Railways; W. M. Thomson, Eastern Trust Co.; F. A Todd, McColl-Frontenac Oil Co., and G. M. Clement, representing shareholders.

Harold J. Inns and D. L. Ross were confirmed as custodians of the property.

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Banking

Currency Depreciation Weak Points Exposed

While Likely to Raise General Price Level Would Not Necessarily Affect Relationships Between Various Products, Says Graham Towers

This is the seventh of a series of articles in The Financial Post analyzing the evidence at the recent sessions of the standing committee of the House of Commons on Banking and Commerce.

By D. G. MacLEAN
Staff Writer, The Financial Post

While currency depreciation would tend to increase the general price level in a country, it would not necessarily affect the relationships between prices of individual commodities, Graham F. Towers told the Banking and Commerce Committee of the House of Commons.

Mr. Towers's statement was prepared in response to a number of questions and suggestions made by members of the committee. Some of them expressed the view that the Government had not done everything it could to relieve the position of the primary producers.

Tied to Index

In the preceding discussions, V. Quelch (Social Credit, Acadia, Alta.) had asked if money tied to a price index would be more stable than if tied to gold. To this Dr. W. C. Clark, deputy minister of finance, in attendance at the committee sessions with Mr. Towers, had replied that there were so many factors involved that it was impossible to say. He indicated, however, that:

1. An index might under certain conditions fluctuate widely and rapidly.

2. Gold, while subject to fluctuation over a long period of time, has shown relative great stability in short run situations.

3. An index of prices representing an average of a wide range of commodities would not guarantee stability of individual prices. Some, such as farm products, might go down; some, like manufactured products, might go up. As long as one balanced the other, the average would remain the same.

Suggests Reflation

W. A. Tucker (Liberal, Rosthern, Sask.) suggested that as deflationary movements injure primary industries much more than they injure secondary industries, a measure of reflationary action to restore prices to the 1926 level would almost inevitably raise prices of primary products as compared with secondary products. Mr. Tucker in this connection referred to action of the Imperial Conference at Ottawa in recommending a restoration of the 1926 level of prices, as a measure of justice to the farmers and other primary producers, and to lift the burden of debt, fixed charges, etc.

He complained that the Government had not gone far enough in its efforts to do this.

Dr. Clark replied that the action suggested at the Imperial Conference was an attempt to get the international price level up, but unfortunately Canada had not much control over that. In any such movement, he stated, in words used previously by R. J. Deachman (Liberal, North Huron), there were both monetary and non-monetary factors at work.

Sometimes the non-monetary factors were more important than the monetary. Non-monetary factors, it was indicated in later discussions, would include such matters as supply and demand.

Adjustment Needed

In his reply to the suggestion of raising prices by monetary action, Mr. Towers stated that so far as the general price level is concerned, it does not matter whether it is high or low as long as everything else in the country has been adjusted accordingly. He added:

"In other words, as long as a wage of $1 is just as good as a wage of $2 has been at some time in the past. But in the modern community the adjustments are so terrific in character, so widespread, they take so long to evolve, and they cause so much disorganization and disruption during the process, that I believe it has been found . . . practically impossible and certainly socially undesirable to attempt . . . wide changes in the price level. These wide changes did take place subsequent to 1929, and we all know the disorganization and suffering that they produced."

1926 Price Level

It was with that thought in mind, he said, that the conference in Ottawa and later the world conference in London agreed on the desirability of trying to restore the price level of 1926. That level was taken arbitrarily because it was a level to which wage earners and others had become accustomed. Monetary action taken since then to remedy the price situation, he believed, had gone just about as far as it could go in most countries.

Prices, he noted, while they have increased since 1932 are not at the 1926 levels. During the past 10 years, Mr. Towers pointed out, many other things had happened so disorganizing to business that it was impossible for monetary action to offset them.

Coming to the question of specific commodities, he said that no monetary action was likely to improve the position of certain products in relation to other products.

"Even if you have generally rising price levels on the average, you might easily have in relation to a product, or a group of products, a falling price level," he remarked. Oversupply of any product, he pointed out, would have a depressing effect on the market price of that commodity.

Buyers would become independent and only take it at a bargain. They would say, in effect: "We won't exchange so much of our commodity for a bushel of wheat, we should get two bushels of wheat for the same amount of our product that we formerly gave for one." No monetary action would cure that, Mr. Towers declared.

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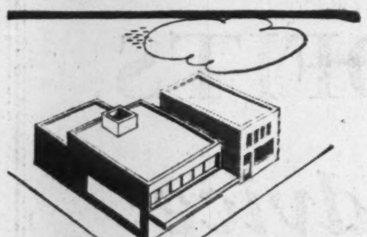

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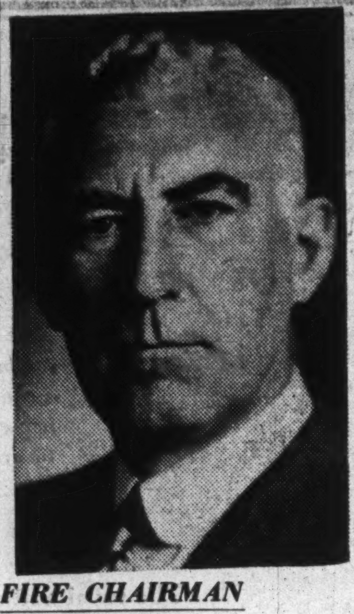

FIRE CHAIRMAN

At the annual meeting of the Canadian Underwriters Association recently, Robert Lynch Stailing, manager for Canada of the Sun Insurance Office, was elected vice-president, and chairman of the Fire Branch.

Weekly Statement Bank of Canada

An increase of $4 millions in the note circulation is reported by the Bank of Canada in the statement for the week ending July 5. This probably represents increased demand for currency with opening of the holiday season. Deposits of the Dominion Government with the central bank were down $4 millions, reflecting withdrawals by the Government during the week to meet July 1 obligations. Reserves of sterling and United States currency were down by $7 millions, reflecting Government payments in United States or United Kingdom.

Balance Sheet

	July 5 1939 $	June 28 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	168,639,266	164,613,285
Rest fund	1,903,515	1,903,515
Depos.: Dominion .	24,755,733	28,807,084
Banks	204,771,170	203,092,206
Other	5,001,086	5,167,702
Total deposits	234,527,989	237,066,992
All other liabs.	2,007,231	2,047,786
Total liabs.	412,078,001	410,631,578
Assets		
Reserve: Gold	205,736,025	205,639,494
Res. in sterling and U. S.	33,694,654	40,542,025
Other curr.	942	1,689
Total reserve	239,431,621	246,183,208
Subsidiary coin	402,040	402,910
Investments:		
Dom. govt. short.	110,784,784	108,775,291
Other Dom. govt..	51,519,595	51,205,540
Total invest.	162,304,379	159,980,831
Premises	1,657,962	1,657,962
All other assets	8,281,999	2,406,667
	412,078,001	410,631,578
Reserve ratio	59.38%	61.28%

Weekly Bank Clearings

	July 6 1939 $	Change year ago %	June 29 1939 $
Halifax	2,767,456	—2.4	2,254,320
Saint John ..	2,013,558	—10.7	1,747,996
Moncton	816,451	+9.1	917,936
Sherbrooke .	1,156,388	+34.5	......
Quebec	5,988,211	—4.9	4,231,816
Montreal ...	127,306,174	+5.1	92,155,619
Ottawa	21,705,285	—10.9	15,674,074
Peterborough	663,673	—10.6	723,448
Toronto	130,929,527	+14.6	93,443,325
Hamilton ...	6,036,657	+17.9	4,801,590
Kitchener ..	1,217,787	+4.2	......
Kingston ...	616,415	—9.3	520,907
Brantford ...	1,222,558	+3.6	930,092
London	3,117,533	—3.6	2,061,605
Chatham ...	505,063	—22.3	522,351
Windsor	3,138,174	+5.9	2,294,933
Sarnia	527,248	+4.1	......
Sudbury	1,083,175	+6.1	1,125,187
Fort William	686,086	—11.7	676,945
Winnipeg ...	32,845,607	+18.9	34,929,107
Brandon	332,666	—14.9	291,659
Regina	3,844,081	+3.2	2,260,434
Prince Albert	333,378	+5.0	228,692
Edmonton ..	4,416,847	+3.9	3,396,895
Lethbridge ..	533,131	+14.3	432,936
Saskatoon ..	1,350,779	—0.4	947,795
Calgary	4,764,824	—2.5	4,127,760
Medicine Hat	255,015	+10.4	......
N. W'mnster	738,933	+13.5	784,325
Victoria	2,087,608	+9.9	1,695,069
Vancouver ..	20,378,166	+11.1	16,440,343

Monthly Bank Clearings

	June, 1939 $	June, 1938 $
Saint John	7,783,083	8,207,941
Moncton	3,334,322	3,590,994
Sherbrooke	3,170,092	3,263,902
Quebec	21,701,871	21,157,425
Montreal	478,742,255	478,516,667
Ottawa	78,987,358	79,026,120
Peterborough	3,058,195	2,594,377
Toronto	507,907,392	543,545,822
Hamilton	23,156,786	22,521,194
Kitchener	4,469,526	4,575,679
Brantford	3,766,749	3,998,047
London	11,302,120	13,973,595
Chatham	2,479,549	2,514,467
Sudbury	4,355,035	4,592,641
Fort William	2,956,947	3,245,799
Winnipeg	153,702,968	117,510,636
Brandon	1,387,907	1,457,833
Regina	12,967,539	13,116,364
Moose Jaw	2,365,396	2,016,721
Saskatoon	4,768,495	4,911,722
Prince Albert	1,160,576	1,227,590
Edmonton	16,132,828	16,820,505
Calgary	19,627,184	21,434,510

Insurance

Business Insurance As Shock Absorber

Tides Surviving Partner and Estate of Deceased Over First Critical Period When One Partner Dies — Provides Emergency Fund

What happens to a business when one partner dies?

The first and obvious answer to the question is that either it will be wound up, or will be carried on under one of several arrangements. The place of the deceased may be filled by his widow, son or other relative. His interest may be bought out by the surviving partner who will carry on; or it may be sold to an outsider who then becomes a partner in the business.

But the point which those most interested seek to clear up is whether or not there will be any financial loss.

Can the widow collect her husband's share in cash without ruining the business? If she leaves his money in the firm, what annual income can she reasonably expect?

How will the remaining partner fare? Will he be able to satisfy the expectations of his late partner's widow? Will he be able to do his partner's work as well as his own? If he needs another partner, will he be able to find a suitable one? Will he be able to reorganize the business or if necessary wind it up without loss?

The Widow's Interest

Disposal of the widow's interest is one of the first problems to be settled. She represents her husband's investment and is entitled to a voice in the settlement. Sometimes she is unreasonable. She may want to withdraw her interest in cash immediately. She may want to become an active partner herself. She may be willing to leave her share invested in the business as long as she receives a satisfactory income.

But what is a satisfactory income to her? In a recent case in Toronto a flourishing business had to be wound up at considerable loss in the sale of the assets because every other plan was rejected by the widow.

If the remaining partner is anxious to carry on the business himself, and an agreement is reached as to the cash value of the widow's interest, he may not have the necessary capital to carry out the deal. In the meantime, the goodwill of customers and the credit of the firm have to be retained.

If there is delay it may impair the efficiency of the concern. It may mean a risk for the dead partner's estate as his widow will be liable for any debts incurred while having little or no voice in the management.

Should the arrangement be made to fill the place of the deceased by the widow or a son of the deceased, or should a new interest come in, the surviving partner may be handicapped by having a partner ignorant of the affairs of the firm. He may not be able to carry the double burden which may result.

Should it be decided to wind up the business, debts of the firm have to be paid. The business may have to be sold at an inopportune time. Forced sales usually mean loss. Both the deceased's widow and the surviving partner suffer.

In most of these eventualities, difficulty can be avoided if sufficient finances are available.

These can be assured by business insurance.

Business insurance is not a distinct line. It is simply life insurance set aside for a specific purpose—the buying out of the deceased partner's interest, payment of his share of the debts of the firm and indemnity to the survivor for the shock sustained and the dislocation of business following the partner's death.

Business insurance usually consists of a policy on the life of each partner; and the purposes which the proceeds of each policy are supposed to serve are set forward in an agreement.

To ensure that the insurance funds will be properly applied, a business insurance trust is often created whereby the policies are payable to a trustee, often a trust company, which will adminster this money according to plan.

Where business insurance has been arranged, loss through lack of adequate financial resouces is avoided.

Higher Dividends For Canada Life

Distribution to Policyholders to be Increased Approximately 10%

An increase in the rate of dividends paid to policyholders has been announced by the Canada Life Assurance Co. for the third successive year. The increases which are effective for the dividend year July 1, 1939, to June 30, 1940, are on much the same basis as those of the two preceding years. Policyholders will receive about 10% more in annual cash dividends.

On policies issued at rates adopted May, 1934, the increases are similar to those a year ago, and accordingly are larger at the more advanced ages than at the younger ones.

For annual dividend policies issued at premium rates in effect prior to May, 1934, increases are similar to those made a year ago and vary with plan, age and duration.

Special dividends, first introduced in 1935 for policies completing a five-year period have been increased and will now be 100% of the regular dividend at the end of the five-year period, whereas they were formerly 75%.

There has been no change in the interest on dividends and proceeds of policies left on deposit with the company, the rate remaining at 3½%.

The company points out that dividends have now been declared for every year without exception over the past 90 years. A few years ago the amount so distributed was reduced considerably as a safety measure. All possible contingencies it is felt have now been provided for to the extent that officials feel that the company was never more financially sound. Consequently the upward dividend trend has been resumed. The increases during the past three years mean that the company will have distributed by June, 1940, over $750,000 more than if the increases had not been made.

Ontario Fire Losses Up in Second Quarter

There were 499 more fires in the second quarter of 1939 than in 1938. Total number was 4,179 against 3,680. Losses also were higher at $1.8 million compared with $1.5 million in the previous year—an increase of $261,000. The insurance loss also was heavier at $1.5 million compared with $1.3 million.

There was a slight decline shown in the first quarter. The total number of fires for the first six months of the year exceeded those of 1938 by 482. Total losses, however, $3.8 millions, were down $663,000 from a year ago. Insurance loss, at $3.3 millions, was $452,000 less.

Among the large fires for the quarter are noted the printing establishment of the Timmins Press Limited, $63,472; the James Bay Inn at Moosonee, $65,000; the Nicholls Building (manufacturing establishment, Toronto), $117,066; and Lady Baillie's residence at Oakville, $60,000.

During the six months there were 28 convictions on fire crimes, including arson, attempted arson, fraud, negligence, etc.

Monarch Life Appoints General Agent at Toronto

A. M. Shook has been appointed general agent for the Monarch Life Assurance Co. for Toronto. This is the second branch of the company in Toronto. Mr. Shook has been engaged in life and miscellaneous lines of insurance in that city since 1926.

Insurance Men in Quebec Claim Tax Exemption

Noting a decision of the Supreme Court of Canada that insurance and insurance operations do not come within the categories of trade and commerce which therefore has established a precedent which would justify this commission (the Quebec Fair Wage Board) to rule in the same tenor, the All-Canada Insurance Federation is seeking exemption from the Fair Wage Board's levy of one third of 1% on payroll.

WORTH HIS WEIGHT IN GOLD TO MOTHER AND DAD but

GOLD COULD NOT BRING BACK HIS LIFE . . .

Drive Safely

PUBLISHED IN THE INTERESTS OF PUBLIC SAFETY BY THE MUTUAL LIFE OF CANADA
HEAD OFFICE · WATERLOO, ONTARIO

FOR FINANCIAL SECURITY CONSULT A REPRESENTATIVE OF THIS COMPANY

"We carry your insurance and we find it very satisfactory"

A. D. Ganong, President, Ganong Bros. Limited

EVANGELINE
Ganong's Chocolates

Ganong Bros. Limited is one of Canada's oldest established firms. Its chief product, Ganong's Chocolates, enjoys public favour not only in Canada, but in many other parts of the world.

It is with pleasure, therefore, that we may refer to the fact that, for many years, hundreds of employees of Ganong Bros. have been protected by Group Life Insurance in the Confederation Life Association.

In a recent letter, Mr. A. D. Ganong in commenting upon the Company's experience with Confederation Life Group Insurance, said: "We carry your insurance and we find it very satisfactory."

. . . . .

We are pleased to assist executives to formulate plans for Group Life Insurance, Group Sickness and Accident Insurance, Hospitalization Benefits, Surgical Fee Benefits, as well as Group Retirement Annuity Plans.

Confederation Life Association
Head Office Toronto

COMPARE Firestone CHAMPION TIRES
FOR Value! Safety! Price!

TIRE	SAFETY-LOCK CORD BODY	GUM-DIPPING	2 Extra Cord Plies Under the Tread	GEAR-GRIP TREAD	Speedway-Proved for Highway Safety
Firestone CHAMPION	✓	✓	✓	✓	✓
ANY OTHER TIRE					

PROTECT your life and the lives of your family by equipping your car with a set of new Firestone Champion Tires. Compare this amazing tire with any other tire on the market in safety, in value, in price! Then you'll know why car owners everywhere acclaim it the sensation of 1939—especially when they do not cost one cent more than ordinary tires. Only in the new Firestone Champion Tire do you get all these exclusive construction features.

✓ SAFETY-LOCK CORD BODY is 35% stronger—extra strength means extra safety. *An exclusive Firestone safety feature.*

✓ NEW GUM-DIPPING PROCESS counteracts internal friction and heat and guards against blowouts. *Another exclusive Firestone safety feature.*

✓ 2 EXTRA CORD PLIES under the tread give greater protection against punctures and makes the tire safe at any speed. *Another Firestone exclusive safety feature.*

✓ GEAR-GRIP TREAD has thousands of sharp-edge angles for quick, safe stops. *Another exclusive Firestone safety feature.*

✓ PROVED ON THE SPEEDWAY—for 20 consecutive years Firestone Tires have been on the winning cars in the annual 500-mile Indianapolis Race. *Another exclusive Firestone safety feature.*

These smart, new, streamlined Champion Tires will give your car an entirely new appearance. Have the nearest Firestone Dealer put on a set today.

"Firestone Champion Tires are the best I have ever driven," says Wilbur Shaw, winner of the Indianapolis Speedway Race in 1937 and 1939.

New Champion Leakproof Tubes

Because air seepage is eliminated by a special lining that seals the inner surface, these tubes are always up to proper pressure, and as a result, you get up to 25% more tire mileage.

SAME COST AS FOR ORDINARY TUBES

THE ONLY TIRES MADE THAT ARE SAFETY-PROVED ON THE SPEEDWAY FOR YOUR PROTECTION ON THE HIGHWAY

No. 2582